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No. 29,160 Tuesday November 1 1983 48267 D 8523 B

NEWS SUMMARY

GENERAL

..ive Iran warships sunk, says Iraq

Iraq claimed last night to have sunk five Iranian warships outside ...rt of Bandar Khomeini, at ...d of the Gulf.

... ships were said to have ...nk by the Iraqi air force and ... and the other two by mines as ... tried to escape. Earlier, Lloyd's of London reported that the 10,000-tonne Iranian cargo ship Iran Shahadat had been sunk by an Iraqi missile.

In New York, the United Nations Security Council voted 12-0 calling ...n Iraq and Iran to cease hostilities. Pakistan, Malta and Nicaragua ab...ained, saying the council was act...g too hastily and should have con...lted the belligerents. Page 16

Earthquake toll rises

Deaths in the eastern Turkey earthquake neared 1,250 as President Kenan Evren toured villages in the Pasinler district. More than 35 villages have been destroyed, but it is hoped that the total killed will be lower than first feared. Earlier story, Page 2

Jackson to stand

The Rev Jesse Jackson, 42, the Chicago-based black rights activist, is to seek the Democratic nomination in next year's U.S. presidential election. Page 6

UK technology squad

The UK Government has set up an ...pert squad to stem the illegal ...ow of militarily sensitive technolo...y to the Soviet Union. This follows ...mplaints by the Reagan Admin... ...t the allies of the U.S. ...his area. Page 12

...py trial

Amsterdam prosecutor demanded ...our year's jail for Pakistani metallurgist Dr Abel Qadeer Khan when his trial opened. He is charged with attempted espionage involving uranium enrichment technology.

Moroccan campaign

About 18,000 Moroccan troops have launched an offensive against Polisario guerillas in the western Sahara, using aircraft, tanks, and heavy artillery, Polisario said.

Nigerians checked

Security police seized the passports ...two Nigerian opposition politi...ns who were due to fly to London ...see Amnesty International offi...is about party members detained ...ce the August elections.

Trapped on Tahiti

...dreds of tourists were trapped ...our luxury hotels in Papeete on ... Pacific island Tahiti where ...king staff blockaded exits. Po... ...sed tear gas ...ainst the pro...rs.

Art thieves executed

Two thieves who stole from a mu...um in the northern Chinese town Sanmenxia 32 jade, bronze and crystal objects well over 2,000 years ...d, were executed.

The right help

Amateur gardener François Santini, of Tours, France, says he has grown 688 flowers from one chrysanthemum plant. He owns a fertiliser company.

Briefly . . .

A fifth student died after political violence at the black university of Zululand.

West Berlin opened talks with East German Railways on taking over the S-Bahn, Berlin's loss-making overhead railway system.

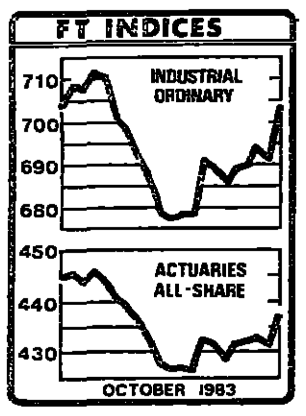
BUSINESS

Australia uranium project go-ahead

● AUSTRALIA'S Cabinet gave the go-ahead for the A$1.7bn ($1.5bn) development of the world's biggest uranium find, plus gold and copper deposits, in the Olympic Dam, South Australia, project. The ruling Labor Party discusses the plan on Monday. Page 16

● DOLLAR gained ground, rising from DM 2.6215 to DM 2.63 and to FFr 8.01 (FFr 7.9925), SwFr 2.142 (SwFr 2.131) and Y234 (Y232.7). Its Bank of England trade-weighted index rose from Friday's 126.2 to 126.8. In New York it closed at DM 2.644; FFr 8.04; SwFr 2.155 and Y234.8. Page 37

● STERLING advanced in line with the dollar, closing unchanged at $1.4955 and rising to DM 3.935 (DM 3.9225), FFr 11.975 (FFr 11.935), SwFr 3.2025 (SwFr 3.19) and Y350 (Y348.25). Its trade weighting moved from 83.5 to 83.7. In New York it closed at $1.4935. Page 37



● LONDON: FT Industrial Ordinary index rose 12 points to 703.1, first time since October 10 it has been over 700. Report, Page 31, FT Share Information Service, Pages 32, 33

● SOUTH AFRICAN Rand fell more than 2 per cent against the dollar as gold dropped towards the $380 mark, with banks quoting a spot mid-rate for the Rand of about $0.8535, compared with $0.874 on Friday. Pages 6, 37

● GOLD fell $3.25 in London to $382.875. In Frankfurt it closed at $382, and in Zurich at $382.75. In New York the Comex November settlement was $376.20. Page 36

● WALL STREET: Dow Jones index closed up 1.72 at 1,225.20. Report, Page 27. Full share listings, Pages 28–30

● TOKYO: Nikkei Dow index rose 55.23 to 9,356.79. Stock exchange index was up 3.15 at 685.51. Report, Page 27. Leading prices, Page 30.

● HONG KONG: Hang Seng index closed 39.09 up at 865.22, more than a quarter higher than the 1983 low of 690 reached on October 4. Report, Page 27. Leading prices, other exchanges, Page 30.

● CHINA'S grain harvest will beat last year's record 353.4m tonnes, because individual farms have been allowed greater responsibility, said Vice-Premier Tian Jiyun.

● MCDONNELL DOUGLAS, the U.S. aerospace group, warned striking workers that a prolonged dispute would force it to quit the commercial aircraft business. Page 17

● MOTOROLA, the U.S. semiconductor maker, is to spend another $25m at East Kilbride, Scotland, on an automated microchip assembly line. Page 11

● NORWICH UNION, the UK life assurance group, is selling AP (formerly Anglo-Portuguese) Bank to Riggs National Bank of Washington for $37.5m. Page 21

● FLEET Holdings, publisher of Britain's Daily Express and Sunday Express newspapers, is buying 20 per cent of TV-am, the commercial breakfast television channel.

Radical landslide buries Peronists in Argentine poll

BY ROBERT GRAHAM AND JIMMY BURNS IN BUENOS AIRES

The Radical Party, headed by Sr Raul Alfonsin, has been brought to power in Argentina in a landslide victory exceeding even their most optimistic projections.

The Radicals won 52 per cent of the vote, gaining an absolute majority in the presidential electoral college, the Congress and Senate.

Their victory ended the virtual political monopoly during civilian rule held by the Peronists, who had won every election in which they had been allowed to stand since 1946.

The Peronists won 40 per cent of the vote in Sunday's poll and suffered a humiliating loss in the capital, Buenos Aires, and, more important, in their traditional working-class stronghold, the province of Buenos Aires.

In a victory address to thousands of jubilant supporters outside his headquarters early yesterday, Sr Alfonsin pledged to work for national reconciliation. The 56-year-old former lawyer said a priority of his administration would be social justice and a respect for human rights.

The vote was an outstanding personal triumph for Sr Alfonsin, who began his campaign for the presidential elections last year when few believed elections would be held, let alone that he stood a chance. Sr Alfonsin's popularity was underlined by the sweeping endorsement given his candidature throughout the country.

In the seven of the country's 24 provinces, in which the Peronists won governorships, the presidential ballot went to him.

The last time elections were held, in 1973, the Radicals polled only 34 per cent of the vote against 61 per cent for the Peronists. This is the biggest vote obtained by the Radical Party since 1928.

The Peronists, headed by Sr Italo Luder, were reluctant to concede defeat until the last vote was counted. The party now faces an extensive post-mortem in which the right-wing sector of union leaders, grouped round Sr Lorenzo Miguel and Sr Herminio Iglesias, might be removed.

Sr Iglesias was the Peronist candidate for the governorship of Buenos Aires. His defeat has been taken here as a protest vote against the strong-arm tactics he has employed both to secure his candidacy and supremacy in the trade union movement.

The final swing to the Radicals was almost 10 per cent more than the party expected. They picked up last-minute floating votes and benefited from the polarised two-party contest that virtually eliminated the minority parties. The most significant area of new support for the Radicals is among the trade unions.

The armed forces, which kept quiet throughout the campaign, would have preferred a Peronist victory. Sr Alfonsin has been outspokenly critical of the military and is determined to press for proper judicial proceedings against those elements of the military responsible for the 15,000 people "missing" during the armed forces' "dirty war" against left-wing guerrillas from 1976 to 1980.

Significantly, the politican who was most outspoken on human rights during the campaign, Sr Augusto Comte of the Christian Democrats, has been elected to Congress.

The Radicals have 318 of the 600 electors in the presidential electoral college. The college is not due to meet until the end of this month,

Continued on Page 16
Alfonsin profile, Page 6; Editorial comment, Page 14

Critical deadlines approach on debt

By Peter Montagnon, Euromarkets Correspondent, in London

ARGENTINA'S new administration will have to move quickly to establish a detailed policy for dealing with the country's $40m debt, international bankers said yesterday.

Sunday's election was held against a backdrop of deepening crisis. Liquid foreign exchange reserves are thought to have fallen as low as $200m; arrears on public-sector debt interest amount to more than $130m; and the outgoing military government has failed so far to complete the rescheduling of some $6bn in debt falling due this year.

Within weeks of taking office in December, the Radical Party Government of Sr Raúl Alfonsin will also have to start talks with the International Monetary Fund on a new economic programme to replace the current standby arrangement that expires at the end of March 1984. Next year it will also have to renegotiate an estimated $10bn in public-sector debt.

Public statements by the Radicals before the election suggest that their policy will be to respect rescheduling agreements already worked out by the outgoing Government, but they will seek eas-

Continued on Page 16

Tories rebuff 'dual key' call on missiles

BY OUR POLITICAL STAFF IN LONDON

MR MICHAEL HESELTINE, the UK Defence Secretary, insisted last night that differences between Mrs Margaret Thatcher, the British Prime Minister, and President Ronald Reagan over the invasion of Grenada did not justify changing the arrangements for the imminent deployment of U.S. cruise missiles in Britain.

Mr Heseltine, speaking in a House of Commons debate, refused directly to confirm or deny press reports that the missiles would arrive in the UK today. But he added that the transporter-erector launchers would arrive shortly.

He said the missiles would arrive separately and he would make a statement to the Commons when they arrived.

The Defence Secretary rejected demands from opposition MPs for the introduction of a "dual key" system for control of the missiles to strengthen existing arrangements. These are intended to ensure that the weapons can be fired only with the approval of the British Prime Minister.

Concern in Britain over the lack of a dual key system has risen, according to a weekend opinion poll, since President Reagan ignored Mrs Thatcher's advice against an invasion of Grenada. An overwhelming majority of those polled supported dual key control.

The UK Government last week reversed its earlier decision not to seek a Commons vote on cruise, ostensibly because of the latest missiles offer by President Yuri Andropov of the Soviet Union. But it is generally believed to have sought the vote as a demonstration of faith in the Atlantic alliance after the U.S.-led invasion of Grenada.

Mr Denis Healey, the Labour spokesman on defence, said the invasion of the Caribbean island presented an "unanswerable argument" for dual key control of cruise. The U.S. had thrust aside British arguments against the use of military force when the threat to the U.S. was vague and distant. No British government could any longer be satisfied with the present arrangements for control of the missiles.

But Mr Heseltine insisted that to yield to public pressure on dual key at this late stage would demonstrate a lack of trust in an alliance that was "the bastion of our defences."

He said: "If we are to impose physical control on American weapons now, with all the political undertones that implies, in order to meet British public opinion, what possible argument is there to American public opinion that they should provide us with the absolute freedom to use the British independent nuclear deterrent without a dual key system?"

The use of Britain's independent deterrent would have incalculable consequences for the U.S., yet they trusted Britain absolutely, he said.

Mr Heseltine described the differences between the U.S. and Britain over the invasion of Grenada as "a sincere and damaging disagreement of judgment between two close allies."

Brushing aside the jeers of Labour MPs, he stressed that the Government discussed these differences not in the language of relish

Continued on Page 16

U.S. seeks talks on peace force

Sir Paul Scoon, Grenada's Governor General, said yesterday that U.S. troops should stay "as long as necessary." Mr Larry Speakes, White House spokesman, said that the U.S. wanted to discuss with Sir Paul "ideas for bringing in a peace-keeping force that would allow U.S. forces to leave as soon as possible." A U.S. officer on the island said that severe fighting was "probably complete" but that small pockets of resistance had to be cleared. The Pentagon admitted that a U.S. air strike near a mental hospital in last Tuesday's invasion may have resulted in civilian casualities, but it denied that these were as high as the 50 deaths reported. General Hudson Austin, leader of the overthrown Revolutionary Military Council, is being held in a U.S. aircraft carrier off the Grenadian coast "for his personal protection," the White House said. Within the Commonwealth, the organisation's secretariat studied participation in a "security force" comprising police and para-military forces, but Australia strongly criticised U.S. intervention and said it would not participate in a peace-keeping venture. *Scoon 'grateful' for rescue, Page 6; Legal doubts, Page 12*

Bonn initiative on EEC budget

BY JOHN WYLES IN BRUSSELS

WEST GERMANY is expected to propose tomorrow the most generous plan yet produced by any of Britain's EEC partners for reducing the UK's payments to the Community budget.

According to unofficial estimates, the Bonn proposals would have cut by just over 1bn European currency units ($860m) Britain's unadjusted 1982 net payments of Ecu 2.036bn. This compares with a reduction of around Ecu 500m which could be achieved under a European Commission proposal and of about Ecu 600m under Denmark's scheme for a so-called convergence fund.

British reaction at a meeting of senior officials in Brussels is nevertheless likely to be negative. At this stage of the negotiations, the UK is pushing for a much larger reduction in its budget payments. London wants an arrangement which keeps them within permanent limits expressed as a fixed proportion of the UK's gross domestic product.

The German proposal could feature prominently during next week's vital four-day negotiation in Athens when EEC foreign and finance ministers will try to thrash out outline agreements on the British budget problem and on reform of the common agricultural policy for completion at next month's summit in the Greek capital.

Herr Hans Tietmayer, state secretary at the West German Finance Ministry, gave an outline account of Bonn's thinking last week to a high level group preparing next week's Athens meeting. Tomorrow's document is expected to flesh out the details and clear up some confusion about how the proposal is designed to operate.

In essence, it attempts to combine in a more acceptable way all the contributions so far made to the quest for a budget solution but which have run into strong objections from one member government or another.

It also, however, guarantees opposition on its own account by seeking modest curbs on Bonn's net contributions to the EEC budget. Several member states, led by Denmark and Italy, are opposed to this in principle.

The West Germans, however, have adopted the British argument that they cannot be expected to allow an increase in the ceiling on the EEC's budget revenues without both a firmer control on farm spending and some recognition that German transfers to Brussels – Ecu 2.086bn last year – are excessive.

One significant element of the German plan is that it joins the European Commission, Britain and France in asserting that the British budget burden should be eased by lowering the UK's payments to Brussels rather than by trying to offset them through specially increased Community expenditure in the UK.

But it opposes the UK's view that the size of the problem should be measured by net contributions – the difference between what the UK pays and receives from the EEC. Rather, the Germans support the Danish approach which says that it should be measured by the difference between Britain's share of Community GDP (20.7 per cent in 1982) and its share of EEC spending (13 per cent last year). This implies a budget "gap" of Ecu 1.229bn in 1982.

Spanish row over EEC, Page 3

U.S. clears way for $1.13bn five-nation engine venture

BY MICHAEL DONNE IN LONDON AND PAUL TAYLOR IN NEW YORK

THE $1.13bn plan for seven companies from five nations to build a new civil aero-engine, the V-2500, is going ahead after clearance for the venture by the U.S. Justice Department under anti-trust laws.

The participating companies will be Pratt & Whitney of the U.S. and Rolls-Royce of the UK, each with 30 per cent; Japanese Aero-Engine Corporation (JAEC) (comprising Ishikawajima-Harima Heavy Industries, Kawasaki Heavy Industries and Mitsubishi Heavy Industries), with a 19.9 per cent stake; Motoren-und-Turbinen-Union (MTU) of West Germany with 12.1 per cent, and Fiat Aviazione of Italy with 8 per cent.

The new engine, with a thrust of 23,000 lb, will be aimed at the new generation of 150-seat airliners, including the projected European Airbus A-320, the Boeing 7 Dash 7 and the McDonnell Douglas MD-3300.

Its rival will be the French-American (Snecma-General Electric) CFM-56-4, now under development. One reason for the Justice Department's clearance of the V-2500 venture is that it increases competition in the world engine market.

The new company which will run the venture, International Aero Engines, will be incorporated in Switzerland. Its headquarters will be in East Hartford, Connecticut (home of Pratt & Whitney), and its engineering base at Derby, England.

The first chairman will be Mr Ralph Robins, director of Rolls-Royce's commercial engine division. The president and chief executive will be Mr Robert E. Rosati, senior vice-president of Pratt & Whitney. There will be 13 board members, three each coming from Rolls-Royce, Pratt & Whitney and JAEC, and two each from MTU and Fiat.

Rolls-Royce's share of the venture will be about £226m ($336.7m) in non-recurring development costs, spread over about seven years – up to a point three years after engine certification early in 1988.

The UK Government is being asked to provide about half, or some £113m, in launching aid, repayable with interest out of the proceeds of engine sales.

Rolls-Royce will find the other £113m from internal resources. But Sir William Duncan, Rolls-Royce chairman, while expressing confidence that the UK Government would agree to the launch aid, indicated yesterday that if it did not, Rolls-Royce would find the money itself.

Sir William Duncan stressed yesterday that the V-2500 was aimed at the widest possible market, although the European A-320 would be a prime sales target.

The overall world market for engines of the V-2500 type is put at about 5,000 up to the end of this century. The new consortium will be aiming at about 60 per cent of that, or more than 3,000 engines.

The value of that market is estimated at more than £10bn, but is likely to be much more if spares are included.

Mr Robert Carlson, president of United Technologies, parent of Pratt & Whitney, said in New York yesterday: "The Justice Department

Continued on Page 16
Airbus exports, Page 10; McDonnell Douglas results, Page 17

CONTENTS

..esty extended in ..empt to avoid Polish political trials

BY CHRISTOPHER BOBINSKI IN WARSAW

THE POLISH Government has decided that there is more to be gained from clearing the prisons of political offenders than from stepping up political trials and helping the banned Solidarity movement's cause with new martyrs.

Arrests, trials and continuing imprisonment of Solidarity leaders are seen as providing the movement with grounds for protests, as well as supplying constant points of conflict with the Roman Catholic Church.

These are the conclusions to be drawn from the publicly repeated statement by Mr Jerzy Urban, the government spokesman, that political prisoners would be allowed to emigrate, and that procedures are being instituted to extend the amnesty for the Solidarity underground which expired formally yesterday.

Since July 22, when the amnesty came into force, some 540 people have reported to the police and declared their willingness to drop clandestine activities. But the main prize, the Solidarity underground leadership, or TKK, has eluded the Government. Also the 70 or so political prisoners already sentenced, as well as prominent dissidents awaiting trial, have so far shown no sign of wanting to emigrate to the West.

Mr Urban as much as admitted that he did not expect the Government's offer to be taken up and the chances are that the authorities will have to go ahead with politically damaging trials.

Men like Mr Jacek Kuron, leader of the KOR dissident group and top adviser to Solidarity in its heyday, are determined to hold out for freedom on their own terms and risk being sentenced in the hope that another amnesty, or failing that another crisis, will free them in the not-too-distant future.

More importantly, they are quite capable of turning their trials into an impassioned condemnation of the Government which put them into the dock, a development the authorities are known to be loth to contemplate.

Mr Kuron: freedom on his own terms

The KOR trial, which could start before Christmas, will reawaken memories of the Solidarity period, just as the authorities are trying to dampen them down. Worse still, the Government has found itself saddled with the trial as tension in the country is bound to rise with the expected introduction of new higher food prices in January.

The trial will also arouse a flood of protest in the West, just as the Polish Government is keen to repair its image there.

● Rationing of butter, margarine and other fats is to be re-introduced today after five months of unrestricted supplies. Adults in urban areas are to receive 500 gms of butter a month in a move the authorities say has been caused by seasonal falls in milk supplies and a sharp increase in butter purchases last month.

Shorter hours in Hungary

BUDAPEST. — Hungary's Government has ruled that some factories can cut their employees' working week to 40 hours, the official MTI news agency said yesterday. Factory managements wishing to introduce the shorter week must apply to the Industry Ministry and ensure that the reform does not reduce production.

Most Hungarians now work well over 40 hours a week, mainly because of overtime and weekend working requirements. Reuter

East block premiers' meeting underlines the difficulties of living with a giant writes **Leslie Colitt**

Comecon's marriage of unequals

THE ANNUAL conference of Comecon prime ministers held recently in East Berlin has underscored the economic dilemma of the six small East European countries which must coexist with their giant Soviet partner.

Mr Nikolai Tikhonov, the Soviet Premier, bluntly reminded the East Europeans—who depend on the Soviet Union for nearly 90 per cent of raw materials and energy—of the unequal relationship. Their continued delivery, he said, depended on the other Comecon members supplying the "necessary products for the Soviet economy." The remark was dropped from the East German news agency report but was included by the Soviet agency Tass.

He meant that Eastern Europe can only count on the oil, gas and raw materials it needs if it sells high quality goods to the Soviet Union. This includes Eastern Europe's most advanced machinery equipped with Western electronics, as well as meat, fodder and foodstuffs which, however, it must also sell to the West to pay off its debts. A small, but growing, proportion of these goods are now delivered to Moscow for dollars, a practice the Russians are anxious to phase out.

The Soviet Union has said repeatedly that there can be no stable supplies of energy and raw materials unless the East Europeans invest more heavily in the Soviet extractive industries. No less loyal an ally of Moscow than Mr Grisha Filipov, Bulgaria's Premier, was moved to reply in East Berlin that the Soviet Union, in turn, will have to quantify "precisely" its own deliveries to Eastern Europe as "early as possible."

The Comecon meeting agreed to establish another joint investment project in the Soviet Union—an iron mining and processing complex at Krivoi Rog. Several small East European members objected, saying they did not have the money, and besides there were no guarantees of exact counter trade deliveries in the future.

Bilateral Comecon projects are not much easier to achieve. Czechoslovakia and Hungary agreed some time ago on a dam to be built jointly on the Danube. Although Czechoslovakia committed funds and resources for the project, Hungary had second thoughts. A few weeks ago Mr György Lazar, the Hungarian Prime Minister, signed a document in Prague officially delaying completion until 1994. It is little wonder that the Comecon countries constantly warn that economic damage is far more widespread from delayed joint projects than from postponed national ones.

EUROPEAN CUSTOMERS for the Soviet Union's Urals crude oil said Moscow was resisting strong pressure for a cut in contract prices. Reuter reports from Amsterdam. Contract holders have still received no notification of any price change for November and are working on the assumption that the price will remain at $29.50 to $29.60 a barrel cif Mediterranean or North-west Europe for the time bieng. On the free, non-contract spot market, however, Urals sellers cannot dispose of cargoes much above $29, and only prompt business is being concluded.

Several large Urals customers are understood to have lifted no Soviet oil last month, and are unlikely to do so in November if contract prices stay well above spot levels. Soviet resistance may be based on the chance that international tensions, especially in the Middle East, could lead to a recovery in depressed crude oil spot prices. If that does not happen in the next week or two, a mid-month price cut of around 25 cents a barrel is likely. The current price has been in force since August 15.

The East Berlin conference agreed on intensified measures to boost Comecon's agricultural output, the group's Achilles heel. Mr Filipov suggested that, this time, joint investments should be carried out in agricultural production and the food industry—of obvious benefit to Bulgaria.

The Hugarians prefer the bilateral approach. They have agreed to establish an experimental maize farm in the Ukraine under the condition that Hungarian and not Soviet experts run the farm which will be based on a well-tested Hungarian adaptation of U.S. farm technology. The Hungarians say they could even boost Soviet meat production equivalent to consumption of an extra 1 kg per capita annually if given a free hand but the price would have to be right.

Several East European countries did in fact win a victory of sorts in East Berlin when the Soviet Union agreed that prices for Agricultural exports within Comecon—mainly by Bulgaria, Hungary and Romania—are to be raised. This will be the first price increase for farm products traded in Comecon for 10 years.

During the same period prices for Soviet oil supplied to Eastern Europe have soared to the point where East Germany—using a three-year sliding average of world prices instead of the five-year average which Moscow is believed to have dropped—may now be paying $31.70 a barrel compared to the average world price of $29.

The dilemma is compounded as the East Europeans are unable to buy cheaper Western oil with their non-convertible currencies. Poland and Hungary have given up proposing to Comecon that the transferable rouble, Comecon's trading currency, be made at least partially convertible. Most East European economists argue that Comecon's goals of economic integration and specialisation are illusory without what the Czechoslovak economist Petr Chvojka calls a "supranational" currency for Comecon.

Mr Reszö Nyers, the father of Hungary's economic reform, points out that, in most Comecon countries, the internal economic system not only fails to promote Comecon specialisation and co-operation but actually discourages it by denying the "initiative and independent" activity of companies. Internal prices deviate from both international and Comecon trading prices, while production is separated from foreign trade.

Only Hungary, he claims, has a mechanism to make companies "outward looking," and adds that the other Comecon members cannot be expected to change their economic systems markedly, although they will "modify them" from time to time.

In East Berlin, the Comecon members resolved to speed production co-operation in all-important microelectron... field and called for a more "just international economic order" for developing countries. But those Third World countries who attended the conference had more concrete goals in mind.

Nicaragua's observer, atten... ing a Comecon meeting for the first time, appealed to th... organisation to grant his co... try "urgently-needed credit... in order to prevent the Sandi... nista revolution from being "smothered for lack of solidarity." The head of the Ethiopian delegation said his country would need $7.2bn in aid for its 10-year plan and would appreciate comments on "co-ordinated aid for socialist Ethiopia." None was forthcoming.

Angola's representative said the developing countries particularly wanted access to the special credit fund for supporting Third World countries which Comecon's international investment bank already maintains.

At the close of the conference Mr Tichonov remarked, mor... passing than out of great ... viction, that there would "forthcoming consultation ... Communist party leaders—... long-delayed Comecon summit. In the light of Comecon's immense problems, knowledgeable East Europeans said they would be surprised if the summit was held before late next year

Swiss caution over foreign currency futures

By John Wicks in Zurich

THE SWISS National Bank would intervene on the foreign-exchange futures market only "with caution," according to Dr Markus Lusser the general manager.

Speaking to dealers in Locarno, he expressed doubts whether such forward interventions would be any more effective than these on the spot market. The bank welcomed the use of futures and options to improve the coverage of currency risks but stressed the importance of adequate margins and capital resources.

Dr Lusser said the bank did not intend to license foreign exchange dealers "at least for the time being."

Andropov falls short of 'last ditch' missiles proposal

BY ANTHONY ROBINSON

PRESIDENT Yuri Andropov's latest proposals for limited changes in the Soviet negotiating position at the Geneva intermediate nuclear force (INF) negotiations have been overshadowed by the twin crises of Lebanon and Grenada.

Even so, the proposals, outlined in an interview with Pravda on October 27, remain much more limited in scope than the serious "last ditch offer" to try to head off imminent Nato deployment of cruise and Pershing missiles which Western disarmament specialists and diplomats expected him to make in person at Sofia last week.

Mr Andropov has not been seen in public since mid-August. Cancellation of his trip to Sofia and the rare admission over the weekend that he has been suffering from a "cold" confirm doubts about his health. Even without this complicating factor, however, there are no signs that the collective military and political leadership of the Soviet Union has been prepared to abandon its insistence that Nato should give up its plans to deploy new missiles in return for limited Soviet concessions.

Indeed, the Soviet leader hardened Moscow's stance by stating at the end of his interview that "the appearance of new American missiles in Western Europe will make it impossible to continue the talks in Geneva."

The actual walk-out of the Soviet delegation has not yet happened. But the clearest sign that the Soviet Union now regards deployment as inevitable came with the recent statement by the Ministry of Defence that preparations had started for the deployment of new short-to-medium range missiles in East Germany and Czechoslovakia.

Seen against this background, the concessions announced in his October 27 interview look and have been interpreted by U.S. and other Nato leaders, as interesting but marginal.

In the first place, Mr Andropov offered to reduce from 162 to 140, the number of triple-warhead SS-20 missiles it targets on Western Europe if Nato does not deploy any new missiles. That 162 figure is equivalent to the number of British and French strategic forces. According to the President, that would leave the Soviet Union with "appreciably fewer than the medium range missile launchers possessed by Britain and France"

But this would still leave the Soviet Union with 420 warheads, considerably more than those believed to be deployed by the existing British and French strategic nuclear forces. Neither country officially confirms the number of its warheads, but Britain is believed to have 192, made up of three non-independently targetted warheads on each of the 64 submarine-based Polaris missiles, while France is believed to have nearly 100 single warhead missiles on its land and submarine-based forces.

Leaving numbers aside, however, the main objection to the Andropov proposals remains British, French and Nato refusal to accept the counting of these forces in INF totals.

Mr Andropov also took ... stage further his earlier p... posal to destroy any SS-2... negotiated away at Geneva rather than re-deploy them in Asia. Now, he has offered to freeze further SS-20 deployments in Asia "from the moment" an agreement was reached on the limitation of nuclear arms in Europe.

This implies, however, that the Soviet Union considers itself free to increase such deployments until that time.

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Bank of Italy casts doubt on planned cut in borrowing

BY JAMES BUXTON IN ROME

THE BANK of Italy yesterday publicly cast doubt on whether the Government's recently announced budget will meet its objective of sharply reducing the public sector borrowing requirement (PSBR).

The budget, announced by the Government of Sig Bettino Craxi, at the end of September, aims to cut the deficit by about L40,000bn (£17bn) by means of extra taxes and reduced spending. The aim is to achieve a public sector borrowing requirement of L90,000bn, or 15 per cent of gross domestic product, for 1984.

It is part of an economic policy which aims at achieving an average inflation rate for 1984 of 10 per cent, and also entails an incomes policy.

The central bank says in its new Economic Bulletin, the first of which was published yesterday, that the provisions of the budget, "do not seem capable in the short term of bringing about such huge reductions in the PSBR as those indicated."

It also said that delays in introducing the promised incomes policy "which constitutes the supposed basis of the whole action, risk compromising its chances of success."

The budget has just begun to be considered by Parliament, and a major provision in it, for the raising of L9,000bn by means of an amnesty in exchange for a fine for offenders against building regulations, has already been rejected outright, though it is to be reinstated.

The Bulletin echoed the recent warning by Dr Carlo Azeglio Ciampi, the Governor of the bank, that if Italy did not seize the present chance to bring down inflation, the economy would not be able to expand and participate in the world economic recovery.

The annual inflation rate in October was 13.3 per cent, the third month in which it has been less than 14 per cent but prices rose 1.7 per cent during the month compared with September, the highest monthly increase this year, thanks in part to a sharp rise in rents, and the average inflation rate for this year is still 15.6 per cent. This compares with the target for 1983 of 13 per cent.

The Bank of Italy Bulletin says that the gross income of many groups of workers will this year rise by 15 per cent, against the official ceiling of 13 per cent. This includes state employees, as well as workers in the engineering, textile, chemical and food industries, and in state-owned industry. All groups have in the past few months signed new three-year wage contracts.

Death toll nears 1,000 in Turkish earthquake

BY OUR ANKARA CORRESPONDENT

THE DEATH toll in the Turkish earthquake neared 1,000 yesterday as President Kenan Evren toured villages in the Pasinler district, 550 miles east of Ankara.

Although 70 villages are believed to have been affected and at least half that number are completely razed, many inhabitants seem to have escaped. The majority of the dead were women and children who were still in their beds when the earthquake struck at 7.15 on Sunday morning.

This is the country's first serious earthquake since the Muradiye disaster in 1976, but it has reminded Turks of the uncomfortable fact that the 1,200 miles of their country spans a large geological fault. More than 70,000 lives have been lost in earthquakes this century.

The region around Erzerum, where Sunday's earthquake struck, and part of western Turkey near Balikesir are especially vulnerable.

The high death toll in many of the eastern Anatolian disasters is generally blamed on primitive methods of housing still in use there. Most peasants live in mud-brick houses which cave in under the shock of a quake. On Sunday, concrete modern buildings such as government offices, continued to stand when homes around them had collapsed.

The expansion of large industrial ventures in Turkey, however, has brought with it fears of possible catastrophies if they are ever hit by an earthquake.

Most alarming of all is the possibility that the 1,250 MW nuclear power plant planned for Akkuyu on the Mediterranean coast might lie uncomfortably close to a high risk area around the Taurus mountains and the port of Mersin.

Dutch civil servants join pay cut protest

By Walter Ellis in Amsterdam

DUTCH CIVIL servants yesterday joined other public sector workers in protesting openly about the Government's planned 3.5 per cent cut in their pay and welfare benefits.

Officials up and down the country halted work for short periods during the day and held protest meetings in the streets. In Utrecht, council workers used fire engines, buses and other vehicles to block all access to the centre of the city.

Other actions are planned as the civil servants oppose the government's measures out of what their union calls "bitter necessity." Government ministers in The Hague have angered their staffs by suggesting that they want to enjoy continued prosperity at the expense of those on social security. Such a comment, according to Mr Piet de Jong, chairman of the Central Federation of Government Employees (CFO) crossed the border into bad taste.

Rail workers and bus drivers have been working to rule for the past week, as have post office and telecommunications employees. Transport is unreliable, and industry and commerce are increasingly resorting to their own methods of delivering mail.

If there is no progress between the Government and the unions by the middle of this week, public sector workers in the port of Rotterdam have threatened industrial action. Closure of the world's largest harbour by the action of customs officials, radar operators, cargo inspectors, pilots and others would be a major blow to Dutch trade and would create difficulties between the Netherlands and West Germany in particular, which uses Rotterdam as one of its major trade outlets.

For the Dutch Government, the build-up of opposition to its proposals presents a major problem. It argues that its programme of economic austerity and wage restraint was clearly set out in the manifestos of the Christian Democrat and Liberal parties on which the two parties successfully fought the 1982 general election. It was also set out in the coalition programme

The unions retort that they have always opposed austerity and that, in any case, restraint implies modest growth and not actual reductions in income.

Spain's Socialists fall out with French party

BY DAVID WHITE IN MADRID

RELATIONS between French and Spanish Socialists have reached a low ebb amid mounting frustration in Spain about the failure to resolve European Community entry negotiations.

The Spanish Socialist Party's five-member delegation walked out of the closing session of the French party's congress at Bourg-en-Bresse on Sunday after an unsuccessful bid to change the text of the resolution concerning EEC enlargement.

The gesture, which was welcomed by opposition members in Madrid, comes after a year of attempts by the Spanish Socialist Government to capitalise on the long association between the two parties.

While it was a clandestine organisation during the Franco regime, the Spanish Socialist Party had offices provided for it in Toulouse by its French counterparts, and it was at a congress in France—at Suresnes in 1974—that Sr Felipe Gonzalez, the current Prime Minister, became head of the Spanish party. Its election campaign last year, while more moderate in content, borrowed heavily from the style and presentation of President Francois Mitterrand's in 1981.

After their victory last October, Spain's Socialists hoped for a more sympathetic attitude from Paris, following the stance taken by President Giscard d'Estaing from 1980 onwards to the effect that Spain and Portugal could only join the EEC once the Community had solved its own internal crisis.

The party accuses the French Socialists of going back on their tracks after two sessions of full-scale government-to-government talks in January and July this year.

The French party resolution confirmed positions adopted five years before on the pre-conditions for enlargement, placing emphasis on reform of Community farm policy.

Madrid is trying to step up pressure on the French Socialists as France prepares for its six-months stint in the EEC chair at the New Year.

The row comes after renewed protests in Spain about attacks by French farmers on lorries loaded with Spanish farm produce and about France's attitude towards Basque terrorists. Increased French collaboration against the Eta separatist organisation north of the border has been overshadowed by an incident two weeks ago in which four Spanish policemen were arrested in Hendaye, in the French Basque country.

A MORE direct chain of command, between the Spanish civilian authorities and the armed forces is to be set up under a Bill table by the Government, writes David White. The unexpectedly timed proposals strengthen the Prime Minister's brief in the running of defence policy as well as the role of the Minister of Defence.

They centre on the creation of a new post of Chief of Defence Staff at the ministry. The present top military command body, the Joint Chiefs of Staff, will see its function reduced to that of an advisory council.

The former deputy head of the Joint Chiefs of Staff, General Alfonso Armada, was sentenced six months ago to 30 years in jail in appeal court hearings for the attempted military coup of February 1981.

The new law aims to reduce the military's autonomy and bring it under closer government control. Up to now, the Prime Minister "directs and co-ordinates government action in defence matters." Under the law, he "assumes the full direction of defence policy" and has authority to "command, direct and co-ordinate" the armed forces. The King retains his function as Supreme Commander of the Spanish armed forces.

The Bill will also make way for a restructuring of Spain's regional commands, due to be reduced from nine to six as part of an overall plan to develop a trimmer and more professional defence force.

Danish minister fails to win Soviet concessions

BY HILARY BARNES IN COPENHAGEN

THE DANISH Foreign Minister, Mr Uffe Elleman-Jensen, failed to extract any concessions on the intermediate nuclear force talks in Geneva when he met his Soviet counterpart, Mr Andrei Gromyko, in Moscow yesterday.

Danish radio reported from the Soviet capital that Mr Gromyko indicated that the Soviet Union saw no possibility of extending the talks beyond the November 15 deadline.

Mr Elleman-Jensen is the first Nato foreign minister to visit Moscow since the Korean airliner was shot-down in September. The invitation, made at the beginning of October, came as a complete surprise to the Danes.

According to one report, the Danish minister urged the Soviet Union to try to arrange a summit meeting between President Ronald Reagan and President Yuri Andropov.

But it is understood that the main subject of the talks which lasted for several hours was the Geneva missile negotiations. The Danish minister said that President Reagan's initiative in September demonstrated that the U.S. was showing considerable flexibility and had gone some way toward meeting Soviet objections.

He told Mr Gromyko that it was now the turn of the Soviet Union to make a positive and constructive initiative if the Geneva talks were to be a success.

Sweden and Denmark end dispute over oil drilling

BY DAVID BROWN IN STOCKHOLM

SWEDEN AND Denmark have initialled an agreement to establish a firm border line on the continental shelf dividing them, thus ending a four-year disagreement which erupted into a dispute over oil drilling rights this summer. A temporary solution has also created a border and set out fishing rights in the disputed Baltic areas of Oresund and around the island of Bornholm, which is Danish.

The drilling dispute arose when the Danish Government granted exploration rights to a private company in a disputed area of the Kattegatt last summer. This caused a sharp war of words between the Nordic neighbours last August.

The new agreement creates an equidistant border with an interruption to give Denmark sovereignty over the island of Hesselö, near the exploratory drilling.

The cabinet secretaries of Denmark and Sweden also said a 1932 agreement on the Baltic border areas would be extended until 1994 and Sweden would be granted cod fishing rights in certain parts of the Danish zone.

Foreign ministry spokesmen in Stockholm said that "certain technical details" had to be worked out before a final signing ceremony, but that this was expected "within a fortnight."

Sweden hopes the agreement can be used as a reference for yet unscheduled negotiations with the Soviet Union over another disputed area in the eastern Baltic.

Flick affair investigation completed

BONN—The Bonn Prosecutor yesterday closed his investigation of the so-called Flick affair involving leading West German politicians and asked superiors in Cologne for a recommendation on whether charges should be filed.

The Bonn Prosecutor turned over the massive files on the 18-month investigation to the Cologne District Prosecutor, a spokesman, Herr Johannes Wilhelm, said.

He refused to say whether the Bonn office favours filing charges against politicians in the tax evasion and bribery investigation involving the Dusseldorf-based Friedrich Flick concern.

It is likely to take until at least until the second half of November before the evidence is reviewed in Cologne.

Recovery in French exports helps lift outlook for growth

BY DAVID HOUSEGO IN PARIS

FRENCH ECONOMIC growth will be virtually stagnant this year and next, but the economy will not dip into recession, according to the main private forecasting institutes.

The institutes, which have just revised their figures, paint broadly the same picture of an economy in which the current account deficit is behaving more rapidly than expected, inflation is staying significantly above the Government's targets, fixed capital investment is likely to fall further and unemployment is continuing to grow.

They assume that there will be a realignment within the European monetary system early next year to take account of the difference between inflation rates in France and West Germany.

BIPE which until recently predicted a marginally negative growth this year (−0.1 per cent in real terms) now estimates that there will be a 0.1 per cent growth in real GNP this year.

The revision reflects the stronger than expected recovery of French exports in recent months which has helped sustain industrial production and reduce the trade gap. The recovery of exports in turn reflects the impact of past depreciations of the franc and a change of gear by which household consumption is being depressed at a time when world demand is picking up.

This year's marginal growth of 0.1 per cent, says BIPE, will increase slightly next year to 0.4 per cent. This compares with 1.2 per cent growth in 1984 expected by Ipecode, which is the most optimistic in its forecasts, and 0.7 per cent by OFCE. The Government's own estimate is that France will achieve close to 1 per cent growth in 1984 at a time when the OECD expects Europe to achieve 1.5 per cent.

The institutes all believe France will increase its share of world export markets next year, with a volume growth in exports of between 3.4 and 5.4 per cent. The continuing export recovery is seen accompanied by a sharp fall in imports this year (between −0.9 and −2.4 per cent in volume) and only a marginal increase next year.

OFCE believes that the current account deficit will fall from FFr 60bn (£5bn) this year to FFr 15bn next year with the improvement in the trade deficit being partly offset by an increase in debt service payments BIPE sees only a further small shrinkage in the current account deficit from FFr 35bn for 1983 to FFr28bn next year. The government expects it fall from under FFr 60 bn to about FFr 7.6bn next year.

After last year's 9.7 per cent year-on-year rise in consumer prices, BIPE forsees 9.3 per cent for this year and 6.8 per cent next year. The Government's original targets were to bring inflation down to 8 per cent this year and 5 per cent in 1984. Ipecode, however forecasts 5.6 per cent for next year, while Data Resources says that inflation will only come down to 7.5 per cent

A worrying aspect for the Government is the institutes' unanimity about a continuing decline in investment over the two years at a time when gross fixed capital formation in West Germany and Britain will be increasing. This decline is in spite of increased public sector expenditure in the newly nationalised industries.

BIPE foresees a decline in total fixed investment this year of 3.3 per cent, followed by a 2.4 per cent decline next year.

The institutes forecast that unemployment will climb to between 2.3m and 2.5m next year, compared with about 2m now.

EUROPEAN NEWS

Creditanstalt's 'house-cleaning' sale

By W. L. Luetkens

FOR SALE: a group of about 40 manufacturing and service industry companies, some profitable, some not; employing 46,000 proverbially conscientious Austrian workers; producing about 9 per cent of Austrian industrial output and 12 per cent of the country's industrial exports. Offers to Dr Hannes Androsch, Director-General, Creditanstalt - Bankverein, Vienna.

In the bank's books, the motley group of non-bank affiliates, mainly in manufacturing industry, is valued at between Sch 6bn and Sch 7bn (about £215m and £250m), or between 2 per cent and 2.5 per cent of the bank's total assets.

Anyone prepared to pay the book value can have them "tied up with pink ribbon," says Dr Androsch.

No doubt the remark was made tongue-in-cheek during an interview. But equally without doubt Dr Androsch is serious in his intention to get rid of the loss makers in his motley group by selling off, by streamlining and, if all else fails, by closures. He has signalled to the government that if it resists closures, then he expects the public purse to pay up.

"Tied up with pink ribbon" for their book value

Though many of his non-bank holdings are well enough to pay a dividend, as a whole they are in heavy loss, and have become an embarrassment to Creditanstalt - Bankverein (CA), Austria's biggest bank.

CA reckons that since 1970 the "concern" (as the non-bank holdings are called), has cost the bank some Sch 7bn which had to be met largely from the bank's operating profits and, to a lesser extent, from internal reserves. A notional calculation suggests that this is the equivalent of Sch 4.5bn foregone in profits after tax.

Of the Sch 7bn, no less than Sch 1.6bn was incurred last year. That, Dr Androsch says, reflects the economic difficulties of the times. But he is quick to add that the difficulties experienced in the group pall by the side of those in the state-owned sector of the OeIAG holding company, which has asked for public assistance of Sch 16bn.

Dr Androsch, too, wants state money. In fact, he argues that, in one way or another, the state has already repaired the damage done last year by the "concern" companies. The major items were Sch 600m in restructuring aid for Semperit, the Austrian tyre company in which CA has a stake of over 90 per cent; and a capital increase for the bank itself yielding Sch 450m of which the state, as CA's majority shareholder, subscribed almost Sch 300m.

Aid of this nature will have to continue to protect the bank's capital ratios and standing. That is the real reason why the bank uttered a warning cry this summer that it would no longer draw on internal reserves to the same extent as hitherto to support its "concern": to some extent it is a game of chicken with CA's chief shareholder.

There is some reason to believe that Dr Androsch's drastic tactics have begun to work. When last year's capital increase was agreed with the government, further rights issues were envisaged for 1984 and 1985. Agreement appears to be close, at least on the first of the two capital increases. Further official assistance for Semperit has been agreed in principle. All that remains, Dr Androsch says, is for the Finance Minister, Dr Herbert Salcher, to press the button.

At the same time the CA management has been tightening up its "concern." A number of minor disposals have been made. More are intended. Inquiries have been received for a loss-making glass company; two Austrian interests are competing for the country's largest department store concern, Gerngross (sales last year Sch 2.6bn), which CA controls.

The number of people employed in the concern companies has been reduced by almost 10 per cent in a year to about 46,000. Rationalisation plans which cannot but require further reductions have been drawn up. Politically this is an awkward matter at the best of times, and especially so in a country which has long prided itself on having low unemployment. Overmanning has often been accepted in the past as the price of keeping unemployment down.

Dr Herbert Salcher, Finance Minister — Dr Hannes Androsch, director-general of Creditanstalt

He does not believe a bank should be involved deeply in running non-bank business

Dr Androsch will therefore have to tread carefully and avoid closures where he can. His difficulty is aggravated by regional considerations. Some of the trouble spots of his concern are in Styria where the decay of mature industries has caused grave local difficulties (but also loosened public purse strings when help was needed).

None the less, the CA management has acquired a reputation for toughness in dealing with these problems. Dr Androsch says candidly that the object is to cut his losses by a policy pragmatic but severe.

Talking to him one gets the feeling that he does not really believe that in our times a bank should be involved deeply in running non-bank business. It ought to be done at the "longest possible arm's length." But he also adds: "we cannot cut loose from our history even though we are trying as far as possible to dispose of these things."

That is not the traditional attitude among Austrian bankers. For historic reasons they, like their Swiss and German colleagues, have long had a finger in the industrial pie. In the late 19th century, when Austria began to industrialise, banks provided the risk capital and collared the financial business of the companies they helped to launch. During the 1920s and especially the Great Recession, they rescued many shaky enterprises. After the Second World War they shared directly in the rapid expansion of Austrian industry.

Affiliate companies provided captive clients for loan business and an assured income from dividends and interest. That is what has come unstuck in CA's industrial concern: in serious cases interest has had to be waived and loan capital turned into equity.

CA's two gravest walking wounded are Semperit and Steyr-Daimler-Puch, a maker of lorries, tractors, mopeds, bicycles and related products, as well as of arms. By chance they are the two members of the concern best known outside Austria. New strategies have been worked out for both.

Steyr-Daimler-Puch, with a turnover of Sch16bn last year and an operating loss of Sch 750m, has been hit by the decline of the Western European bicycle and moped industry; by difficulties at an assembly plant in financially-pinched Nigeria; and by the sudden refusal in 1980 of an export licence to sell Kuerassier light armoured vehicles to Chile. The refusal has not made it easier to clinch arms sales elsewhere in the world. About 150 finished Kuerassier tanks are standing around unsold.

Steyr's more fundamental problem is that the Austrian home market is small. Austrian industry has duty-free access to the EEC as well as Switzerland, Sweden, Norway and the other EFTA states. But it is too late to build up a distribution system for, say, Steyr trucks, matching those of its established bigger competitors. Steyr's scope for economies of scale thus is narrow.

To overcome this disability, Steyr has sought co-operation with others. It has developed an expertise with four-wheel drive vehicles which it has applied both with Fiat as a partner (in the four-wheel drive Panda) and with Mercedes in the Puch cross-country car marketed elsewhere as the Mercedes G.

It is hard to see how Steyr can ensure a continued presence as a truck builder except in marketing or research co-operation with a suitable partner. Money will have to come from arms sales, if not from abroad, then at home, though the Austrian budget is tight and military spending small. Dr Androsch would like Steyr eventually to end its dependence upon the arms trade. Earnings from that source, he says, should be like casino winnings: a useful windfall, not something a well-ordered household ought to depend on.

Semperit suffered an operating loss of Sch330m in 1982 on turnover of about Sch6bn. The troubles it shares with the rest of the European tyre industry are aggravated by the smallness of the Austrian home market. CA has made clear that only the public purse can provide the money needed to restructure and rationalise Semperit. If carried through, that will cost an estimated Sch2bn in the next three years.

The thrust of these restructuring plans is to concentrate on the production of specialised tyres, for instance those for use in snow and ice. Carried to its conclusion, that means Semperit will need a partner to enable it to continue supplying all varieties of tyre to the mass market under its own brand. A previous attempt at co-operation with Kleber-Colombes, of France, ended in failure.

Earnings from arms sales should be "like casino winnings"

There are other, though smaller, crisis areas in the CA concern. But there are success stories, too: Jenbacher Werke, an engineering company, is in profit; so are most of the chemical and plastics companies in the group. So also is Universale, a construction company, and Wertheim, maker of lifts and escalators, and the breweries.

But these stories still do not eliminate the need for what Dr Androsch calls a housecleaning operation that is going to take years.

OVERSEAS NEWS

AMERICAN NEWS

Jumblatt sets tough conditions for Lebanon reconciliation talks

BY ANTHONY McDERMOTT IN GENEVA AND PATRICK COCKBURN IN BEIRUT

MR WALID JUMBLATT, the Druze chieftain and leader of Lebanon's left, set tough initial bargaining conditions for the conference of national reconciliation scheduled to open in Geneva last night.

He has demanded at the outset that the Lebanese Government under President Amin Gemayel should renounce its agreement with Israel signed last May but never formally ratified.

The fragility of Lebanon's five-week ceasefire was emphasised earlier when the Lebanese army garrison in the ridge-top town of Souq-al-Gharb overlooking Beirut came under artillery bombardment. Officers in the multi-national force said 40-50 shells fell in one hour.

Diplomats in Beirut believe that the best that can be expected from the meeting in Geneva is a national unity government which will prevent the ceasefire collapsing. They think questions of basic political and social reform will be shuffled on to committees.

It is estimated that the Geneva talks could last at most a week. Discussions were delayed by a dispute over the seating of the participants.

The Lebanese participants are divided into two main groupings.

On the one hand, there is President Gemayel, his father, Sheikh Pierre, the founder of the Christian Phalangist Party in 1936, and the former President, Cammille Chamoun.

On the other side is Mr Jumblatt, Mr Rashid Karame, former Prime Minister, and Mr Suleiman Franjieh, the former President, all close to the Syrians.

Also present are Mr Nabih Berri, a leader of the Shi'ite Moslems with close links with Iran, and Mr Saeb Salam, a former Moslem Prime Minister. Syria and Saudi Arabia both have observers at the talks.

Mr Jumblatt also demanded yesterday recognition of the fact that the key to the factional fighting in Lebanon is the 1943 national charter. He wants this charter revised and the fact of the Moslem majority to be accepted.

He said that the revision of the 1943 charter should include "the election of the president by the people, the creation of two (parliamentary) chambers (one of which would be) elected on the basis of proportional representation unlike the present one which is confessional."

Meanwhile, in Lebanon some of the 25,000 Christian refugees trapped in the town of Deir al Qhammar are expected to be allowed out by Druze militiamen today as a symbol of goodwill. There are some 3,000 Christian militiamen in the town, which could be overrun by the Druze at any time.

The safety of their fighters and civilians is one motive for the Christians continuing to observe the ceasefire. If it breaks down, it is expected that the Druze will try to cut the coastal road to the south of Beirut and the army may have difficulty in stopping them.

In any renewal of the conflict in and around the capital, the U.S. is expected to give strong support to the Lebanese army, probably including the use of U.S. aircraft. Washington would clearly be unhappy to see such an escalation in which its troops would be drawn further into the conflict.

'Egypt sends arms' to Arafat

BY ROGER MATTHEWS, MIDDLE EAST EDITOR, IN LONDON

DISSIDENT Palestinians in Damascus claimed yesterday that an Egyptian vessel had delivered tanks, heavy weapons and a large quantity of ammunition to forces loyal to Mr Yassir Arafat, chairman of the Palestine Liberation Organisation (PLO).

The delivery is alleged to have taken place at the northern Lebanese port of Tripoli, where Mr Arafat's supporters are effectively encircled by dissident guerrillas and elements of the regular Syrian army.

Mr Arafat has been issuing increasingly desperate calls for Arab and Soviet assistance in his struggle to retain control of the PLO in face of strong Syrian opposition. Syria is believed to be determined to remove Mr Arafat, and the groundswell of guerrilla opposition to the PLO leader has been growing over the past two months.

Mr Arafat is understood to have been negotiating with President Saddam Hussein to move his headquarters to the Iraqi capital, Baghdad. However, there has not yet been a clear response from Iraq. Arab diplomats believe that President Hussein may be using the Arafat request as a bargaining counter in his efforts to persuade Syria to reopen the Iraqi oil pipeline to the Mediterranean.

Syria and Iraq are ruled by rival factions of the Ba'ath Party and, apart from cutting Baghdad's oil pipeline, Damascus has also been supplying war materials to Iran.

General Kamal Hassan Ali, Egypt's Foreign Minister, visited Baghdad at the end of last week, the first official visit by a senior member of the Egyptian cabinet since Iraq led the 1978 Arab boycott of Cairo.

His talks in Baghdad are likely to have included the Palestinian issue and the mutual concern of Iraq and Egypt that control of the PLO should not fall into Syrian hands. The Egyptian Minister then went on to Jordan for talks with King Hussein.

Rand drops 2% against dollar

By Bernard Simon in Johannesburg

THE SOUTH African rand lost more than 2 per cent of its value against the U.S. dollar yesterday as the price of the country's major export earner, gold, dropped towards $380 an ounce.

At the close of trading yesterday, banks were quoting a spot mid-rate for the rand of around 85.35 U.S. cents, compared with last Friday's close of 87.40 cents. The rand stood at almost 91 cents at the beginning of October, bringing its depreciation in the past month to almost 6 per cent.

Foreign exchange dealers were surprised that the Reserve Bank made no effort yesterday to support the rand. The authorities would like to hold the currency up as part of their anti-inflation strategy, but appear to have accepted that the gold price may remain weak for some time.

The Reserve Bank has inadequate resources of foreign currency to intervene for a prolonged period. The foreign exchange component of the reserves totalled about R1bn at the end of September, but a substantial part of that amount is borrowings arranged in July and August before the Reserve Bank's withdrawal as an active participant in the foreign exchange market on September 5.

Gold accounts for about a half of South Africa's export earnings, and the recent decline in the bullion rice has dealt a blow to early indi-tions that the downturn of the t two years is beginning to level

Local economists in the past few weeks nave forecast a growth rate of around 4 per cent in real terms next year, based mainly on a build-up of agricultural inventories.

Israeli bank shares fall in $ buying rush

BY DAVID LENNON IN TEL AVIV

THE ISRAELI Government's hope that it had restored public confidence in its handling of the economy has been shaken, as the public sale of bank shares intensified this week and the rush to buy dollars accelerated.

The price of commercial bank shares fell by 6 per cent yesterday on the Tel Aviv Stock Exchange, and the public bought a near record $20m in dollars from the banks.

It was to halt a similar trend early last month that the stock exchange was closed for two weeks. To try to restore public confidence, the Government agreed to underwrite the value of bank shares, and the shekel was devalued by 23 per cent.

It appears that investors are still concerned over expectations of a harsh new economic programme to cure the ailing economy, and clearly fear that this may include further devaluations and restrictions on foreign currency transactions.

When trading in bank shares resumed last week, the Government allowed their prices to fall by 17 per cent, and then intervened to hold the new price steady. In all, the Government spent some $200m last week to buy up bank shares being offered for sale.

Boycott by Japanese opposition is defied

BY JUREK MARTIN IN TOKYO

THE Japanese Government yesterday began to ram its economic policy proposals through the Diet in defiance of the parliamentary boycott still being waged by the opposition parties.

Two Lower House committees yesterday passed the Y1.2 trillion (thousand billion) ($5.01bn) tax reduction measures, setting the stage for pro forma approval today by the full House, in which the government party, the Liberal Democrats, holds a comfortable majority.

The new hard-nosed approach follows the continued refusal of Mr Kakuei Tanaka, the former Prime Minister, to resign from the Diet because of his conviction in the Lockheed bribery trial.

Mr Tanaka did issue an extraordinary statement last night, thanking Mr Nakasone for his "heart-felt advice" and apologising to the nation for the trouble he had caused. But the humility of its tone, in sharp contrast to his previously defiant posture, did not run as far as a withdrawal from Parliament.

The LDP is taking the view that since Mr Tanaka refuses to leave the Diet, the opposition motion to force him out is questionable, because according to Japanese practice, a sitting member cannot be ousted against his wishes. In the meantime, the LDP maintains it is critical to get back to the business of running the country.

Partly for want of an alternative, the LDP seems prepared to give the tough approach a try—though not without reservations.

Jackson to join race for president

By Our U.S. Editor in Washington

The Reverend Jesse Jackson, the Chicago-based black rights activist, has ended months of speculation by announcing that he is to seek the Democratic presidential nomination in next year's U.S. elections. He will make his candidacy official in Washington on Thursday.

Mr Jackson, 42, admitted that he was rather late in entering the race for the nomination—which is already being contested by seven white anglo-saxon males—but said he had "had to start from further back."

His controversial decision comes after more than six months testing the waters in public appearances and soundings among potential financial backers that have apparently convinced him that he can raise up to $5m in campaign funds.

His candidacy, however, has been strongly opposed by numerous black leaders, including Mrs Coretta Scott King, the widow of Reverend Martin Luther King — with whom Mr Jackson was closely associated—and Mr Benjamin Hooks, executive director of the National Association for the Advancement of Coloured People.

Black opponents of Mr Jackson's candidacy argue that it risks drawing support away from liberal Democrats, such as former vice-president Walter Mondale, the current front runner. They would rather see a Democratic candidate who can both win the election—it is acknowledged that Mr Jackson could not—and who has a strong commitment to black interests.

Mr Jackson's backers, on the other hand, believe that his candidacy will powerfully motivate black voters to register and go to the polls and attract much-needed attention to issues of black concern. They believe that if he wins enough delegates he could act as a "broker" at next summer's Democratic convention, offering the support of his delegates to the white candidate judged most sympathetic to black and minority interests.

Mr Jackson says he is not concerned by the opposition of other black leaders. "We simply must take our risk in the open market," he said on Sunday.

His intention is to build what he has called a "rainbow coalition" of ethnic minorities, Liberals, women and the generally less favoured of society.

Scoon 'grateful for fast rescue'

BY ANTHONY ROBINSON

SIR PAUL SCOON, Governor General of Grenada, said on the BBC television programme Panorama last night that he was "very, very grateful" that other countries had come to Grenada's rescue. He added that he wants U.S. troops to stay "as long as necessary."

Sir Paul stated that he had not asked Britain to take part in the invasion but had invited the U.S. because he thought they would act faster. He said that the Americans might be needed "for two weeks or two months" but added that first Grenada had to get people back to work and get the community going again. "After that I am sure we can ask the Americans to leave," he added.

The Commonwealth secretariat in London meanwhile is no longer talking about setting up a "peace-keeping force" for Grenada but is concentrating its efforts on seeking Commonwealth participation in what it terms a "security force," which would be more police and para-military than military in nature.

This follows considerable reluctance among many Commonwealth members to commit troops to any Grenadian venture until the security situation on the island had already been restored and foreign forces withdrawn.

Mr Bill Hayden, Australia's Foreign Minister, yesterday stated Australia's opposition to the use of armed force by the U.S. and said the Government did not contemplate Australian participation in a peace-keeping force. Australia was one of five Commonwealth countries which contributed forces to the peace-keeping force in Rhodesia in 1979.

Neighbouring New Zealand, however, said it would be willing to take part in such a force and Canada, which has been involved in soundings among other Commonwealth countries independently of the efforts of the Commonwealth secretariat, is also willing to contribute forces.

The Soviet Union, meanwhile, reached new heights of hyperbole in attacking the U.S.-led invasion. Pravda said that "the cowboy attack on small Grenada, staged according to the rules of a daring cavalry attack by white settlers armed to the teeth on a village of red-skins, had focused the attention of the world on the aggressive, hegemonistic foreign policy course of the Reagan Administration."

But West German Government spokesman Herr Peter Boenisch hinted in Bonn that the Government was having second thoughts about its original criticism of the invasion following the discovery of "very well armed so-called Cuban construction workers" on the island and arms caches.

U.S. bombed hospital

THE PENTAGON yesterday admitted that "some civilian casualties may have occurred" in a U.S. air strike in the area of a civilian hospital during last Tuesday's invasion, Reginald Dale writes from Washington.

It said, however, that preliminary indications put the toll at substantially lower than published reports suggesting that between 47 and 50 mental patients had been killed in the raid on the Fort Fredericks military complex.

Lt Col Wesley Taylor, commander of the 1st battalion of U.S. Army Rangers, said that U.S. personnel were unaware there was a hospital at Fort Fredericks. He added that resistance had been much stiffer than we had been briefed to anticipate." Most of the severe fighting on the island was now "probably complete" in his opinion.

Meanwhile, the row over whether the White House misled the American media over the timing of the invasion claimed its first victime. Mr Les Janka, recently appointed White House deputy press secretary for foreign affairs, resigned, saying that he felt his personal credibility may have been irreparably damaged.

An Administration official, however, said that Mr Janka had been sacked because he leaked to the press a report that Mr Larry Speakes, chief deputy press secretary, had considered resigning because he had been "misled" by other White House officials before the invasion. Mr Speakes has said reports that he threatened to resign are "inaccurate."

Alfonsin: a man with history on his side

BY JIMMY BURNS IN BUENOS AIRES

THERE ARE undoubtedly thousands of people surprised at Sunday's Argentine election results. But Sr Raul Alfonsin, the victorious candidate of the Radical Party, is certainly not one of them.

Ever since he officially put in a bid for the leadership of his party 18 months ago, Sr Alfonsin has acted and spoken with the self-assurance of a man convinced that he has history on his side.

Alfonsin . . . "victory of life over death"

Sr Alfonsin wasted no time in June last year when President Reynaldo Bignone lifted a ban on political activity and called on the parties to prepare themselves for eventual elections. The shattering climax of the Falklands war had left most Argentines disoriented and deeply depressed. The Peronists chose to explore their potential support in cautious lobbying. The military ignored the politicians and plotted against each other. But Sr Alfonsin called a public rally in central Buenos Aires and blasted the taboos of the last seven years.

He renewed the protest against the disappearance of 15,000-odd Argentines after the military coup. He attacked the hidden pact between sectors of the armed forces and union bosses. And he pointed an angry finger at military corruption and incompetence which he said had culminated in the "lunatic adventure" of the Malvinas.

Unlike the Peronists, shackled by the memory of their late founder, General Juan Peron, Sr Alfonsin has gone out of his way to embody change. "This is the victory of life over death," commented a Radical supporter on Sunday night.

He has identified continual interference of the military coupled with authoritarian Peronism as the chief causes of Argentina's decline. He has promised to resolve the vicious circle of successive military governments and incompetent cvilian administratons that has always deteriorated into a conflict between populism and democracy.

Sr Alfonsin is an entirely new phenomenon in Argentine politics. He wants to merge his instinctive feel for what the people want with an unswerving respect for parliamentarism. Sunday's result represents an impressive personal victory for the 56-year-old lawyer. In 1972, Sr Alfonsin's decision to form a left-of-centre faction within the traditionally conservative middle-class Radical Party, cast him in the role of a maverick. In the country's last elections in 1973, he did not secure a congressional seat and instead became an outspoken defender of human rights.

Sr Alfonsin has a party that has now completely united behind him — unlike the Peronists who will now be seeking for countless sacrificial lambs — and there is no rival politician or military figure who can match his popularity.

And yet in Sr Alfonsin's strength lies the potential weakness of his future government. For the past few weeks, the Radical Party has been so overshadowed by the personality of its leader that it is impossible to predict a Cabinet line-up.

In the early hours of Monday morning, Sr Alfonsin's victory Press conference illustrated the difference between a campaign and a term in office. Battered and bruised, a young woman TV reporter managed to squeeze through the chaos of hundreds of journalists in a room the size of a matchbox: "Sr Alfonsin, now that you are President of Argentina, what have you to say to the people?" "Well, all I want to say is that I have simply come here to shake your hand and say hello," answered Sr Alfonsin, with a broad smile.

Paul Taylor in New York looks at attempts to overhaul U.S. banking laws

Bank regulators fight over rule changes

IF EVERYTHING had gone according to plan a small meeting scheduled for yesterday, but cancelled at the last minute, might have set the stage for a momentus change in U.S. bank regulation.

A commission headed by Vice-President George Bush was due to recommend, after almost one year of meetings, sweeping overhaul of the complex and often confusing bank regulatory structure in the U.S.

Bank regulatory and audit powers are shared now by three separate agencies, the Federal Reserve Board (Fed), the Federal Deposit Insurance Corporation (FDIC) and the Office of the Comptroller of the Currency. In addition, state banking commissioners, the Justice Department and the Securities and Exchange Commission (SEC) have some control.

The main commission proposal, generally endorsed by most members of the commission and the industry, is that regulation of all major commercial banks in the U.S. be conducted by a new Federal Banking commission under the aegis of the White House.

The agency would takeover the bank regulatory power of the Comptroller of the Currency and the Fed's control over most banks and bank holding companies. The FDIC would be left with a purely deposit insurance role expanded to cover savings and loan associations.

The plan, drafted mainly by the Vice-President's office and Mr Richard Breeden, staff director for the commission, is a bold attempt to cut through the regulatory morass and establish regulations more closely based on types of banking services.

Under the plan the Federal Home Loan Bank Board's powers over savings and loan associations (akin to UK building societies) would expand to cover some smaller banks. A bank with 60 per cent of its loans in the mortgage or property sector or assets under, say, $25m (£16m) could choose to be regulated by the FHLBB. The FHLBB would be renamed the Federal Community Bank Board in recognition of the now blurred distinctions between small commercial banks and the S and Ls.

The proposals could be stalled, however, because of late but stiff opposition, not only from the Fed, as might be expected, but from the Treasury and, it is believed, some White House officials.

A summit meeting of the task force was originally due to vote on Monday on the plan, after which a new Bill would have been submitted to Congress. But over the past few weeks the commission's work, and its final recommendations, have been thrown into doubt. After the surprise decision to postpone yesterday's meeting, Mr Bush's office said no new date had been set for the meeting.

Mr Paul Volcker, chairman of the Fed is leading the opposition. Under the commission's proposals the Fed would retain supervision over only, say, the 20 largest U.S. banks against at present 1,100 state chartered banks which are members of the Fed system and about 4,500 bank holding companies. The Fed would retain its role in monetary policy.

Mr Volcker delivered to last month's meeting of the American Bankers Association in Honolulu a blistering attack on the "banking lobbyists scurrying around Washington" who he said were "promoting the notion somehow that these concerns—monetary and regulatory policy — should be in separate compartments, administratively completely divided."

"There are obviously areas of supervision and regulation peripheral to the basic concerns of a central bank, and some have long been under the surveillance by others. But you should also understand that any so-called "reform" that had the effect of crippling the ability of the Fed to carry out its basic central banking responsibilities would be unacceptable to me."

Since Mr Volcker is one of the task force members it appears almost inconceivable that his strong views will go unheard.

Mr Ken Guenther, executive director of the Independent Bankers Association of America (IBAA) is also unhappy with the proposal. He points out "there are still serious unresolved problems" which go beyond the Fed's role.

The Treasury is understood to be concerned that the proposals clash with its "uniform" approach to bank and thrift holding company structure contained in its Financial Industry Deregulation Bill before Congress which basically seeks to selectively expand banking powers. The White House policy development office is thought to believe that the proposals might be too controversial — particularly in an election year.

The regulation issue has been brought to a head by the rapid expansion of the banks into other financial services using loopholes in existing legislation. The SEC, the FDIC and Comptroller of the Currency have all said this year that they are considering extending their powers.

Most industry experts still expect some specific proposals to emerge from the commission but there is increasing doubt about the timing and the force of the final package. Nevertheless, bankers still appear to have faith in the commission and in particular in Mr Breeden.

Kathy Evans, reporting from Doha, analyses the six member-states' continuing efforts to achieve joint military self-sufficieny

Gulf co-operation summit meets amid annoying offers of protection

WHEN the heads of state of the six-member Gulf Co-operation Council meet in Doha on Monday, their summit conference will coincide with the "routine courtesy visit" to the Gulf of the U.S. destroyer La Salle, flagship of America's Middle East Task Force.

U.S. officials emphasise that the visit was planned weeks ago. But other Western diplomats suggest that in any case the U.S. presence might be "indelicately timed," given the increasing pronouncements of Gulf leaders that they are seeking military self-reliance.

This fourth Council summit meeting takes place at a nerve-racking time. The heady pitch of Iraqi and Iranian threats to widen their war to other areas of the Gulf have led to increasing but unwanted offers for "protection" of the region from outside.

The U.S. has beefed-up its task force with the addition of the warship Ranger, which sits outside the Gulf, a gesture of U.S. concern over the possibility of the Iranian threat to close the Straits of Hormuz.

Proposals have also emerged concerning the possibility of a U.S.-sponsored Jordanian force to protect the Gulf, and the Egyptians have again offered their forces to help create an "Arab Army" to confront Iran.

Gulf leaders are embarrassed by these offers of help and public suggestions that their area needs protecting. In an interview in Kuwait, Abdullah Bishara, the Kuwaiti Secretary-General of the Council, said that "gunboat diplomacy was unwanted and un-needed on the shores of the Gulf." The Gulf, he said, did not need "uncharitable volunteers" from forces alien to the region, helping in its protection. This applied also to any suggestions of Jordanian assistance in the region's defence. "We appreciate Jordan's concern over this, but it is not in line with our policy," he said.

A sympton of the Council's determination to further its image of military self-reliance came with a series of military exercises two weeks ago. Code-named Peninsular Shield, the manoeuvres took place in a remote part of the Abu Dhabi desert and involved some 3,600 nationals from the six member-states: Saudia Arabia, Kuwait, Oman, Bahrain, Qatar and the United Arab Emirates.

Even Gulf officials, however, concede that the exercises were of little real military value. "The military significance was

limited. It was more a political get-together," one said.

Nevertheless, more "get-togethers" for officers and men of the Gulf armies are planned. The air forces of Saudi Arabia and Kuwait are planning joint exercises next month, and similarly the Emirates and Oman.

Despite the current tension in the region, however, few observers are expecting any fresh ideas to emerge from the summit about how to make peace between Iran and Iraq. Undoubtedly, the question of continuing Iraqi aid will be discussed, as will the next best steps in mediation.

Gulf leaders are relying on a fresh initiative in the UN Security Council, which they hope will give "moral authority" to demonstrate an international will to create a warfree zone in the Gulf and to end the attacks on civilian targets.

Pressure from the Gulf states on Syria is also likely to be increased, and a new high-ranking mission comprising the Kuwaiti and Saudi foreign ministers is to visit Damascus in another attempt to try to persuade the Syrians to reopen the Iraqi oil pipeline.

Another visit by Gulf ministers to Tehran is also not ruled out. The last mission, headed by the UAE and Kuwaiti foreign ministers, did not succeed, but Gulf leaders are still said to be prepared to "knock on any door" in the cause of peace.

The summit also coincides with fundamental internal changes in the Gulf states. The cut in oil income has led to thousands of foreigners, mainly Asians, being sent home, and, shortly, both Qatar and Abu Dhabi are to initiate cutbacks in government staff which would mean several thousand Arabs being sent home. Throughout the Council states visa laws are being unified and tightened, and deportations are occurring in the thousands. The business recession is doing the rest.

Despite these common problems, the Council has made little progress towards implementing the numerous economic resolutions adopted. Many of the resolutions provided virtual equality to Gulf nationals in matters of trading and ownership of businesses and land in each other's countries.

But as each state tries to protect the interest of its own nationals, such matters have been put "under study" over a five-year period.

The one resolution which was actually due to be implemented, on September 1, was the customs law aimed at unifying tariffs to a range between 4 to 20 per cent. However, the only places to have adopted it are Oman, Kuwait and the tiny sheikdom of Ras al Khaimah in the UAE. For Kuwait, the old tariffs were virtually at that level anyway, and in the other member-states, local merchant communities have grumbled that the new dues would lead to higher prices at a time when business was already slack. Bahrain, in contrast, which earned a substantial part of its revenue from customs, the new tariffs would have meant a drop in income.

Secretary - General Bishara dismisses with a wave of his hand such symptoms of early failure at economic unity. "What I am aiming for is a common market in the Gulf by 1990," he says.

USE IT! CAREFUELLY

Your management isn't short of energy. But is your energy short of management?

In industry and commerce, the emphasis today is on the more efficient use of energy for greater profit.

At the forefront of this trend, the gas people have developed new technologies which offer payback periods as short as six months. The examples below prove that efficient energy management could be the key to greater profits for your company.

Liquid Heating leaves the steam age.

Until recently, most industrial liquid heating was carried out using steam supplied through transmission systems, a method which involves large energy losses.

A more effective use of the prime fuel is now possible using a high-intensity gas-fired immersion tube heating system developed at the Midlands Research Station of British Gas. A profitable application of this system is currently in use at a factory in Oldbury, West Midlands.

The wide range of steel tubes produced there are passed through heated tanks containing a variety of aqueous solutions during manufacture. Until recently all the tanks were heated by steam—but a programme is now under way to convert them to direct gas heating.

The first tank was converted as a pilot scheme for the rest of the site. Prior to conversion, the cost of steam for this tank was £179 per week. An immersion tube heating system was purchased from one of the licensees appointed by British Gas, and this was installed under the supervision of West Midlands Gas.

The performance was monitored by Midlands Research Station personnel, and an efficiency of over 80% was recorded with a running cost of £72 per week. This represents a saving of 60% which will recover the cost of the system in about six months. Conversion of a further 12 tanks is now in train and the ultimate savings are estimated at more than £65,000 per year.

How British Industry is recovering from the flue.

Some high-temperature heating systems—such as batch-operated forging furnaces—can waste over 70% of their heat input as a result of heat loss by the discharge of flue gases.

The latest design of recuperative burner, developed by the Midlands Research Station of British Gas, recovers a significant proportion of this waste heat by using the flue gases to preheat the incoming combustion air in an integral heat exchanger.

A Darlaston factory is currently using such a system to save significant amounts of energy and money.

The annual fuel bill on one of the forging furnaces alone has been reduced by £5,000.

Two recuperative burners were installed for a field trial, the design being the result of a development programme to improve performance, reduce costs and simplify maintenance.

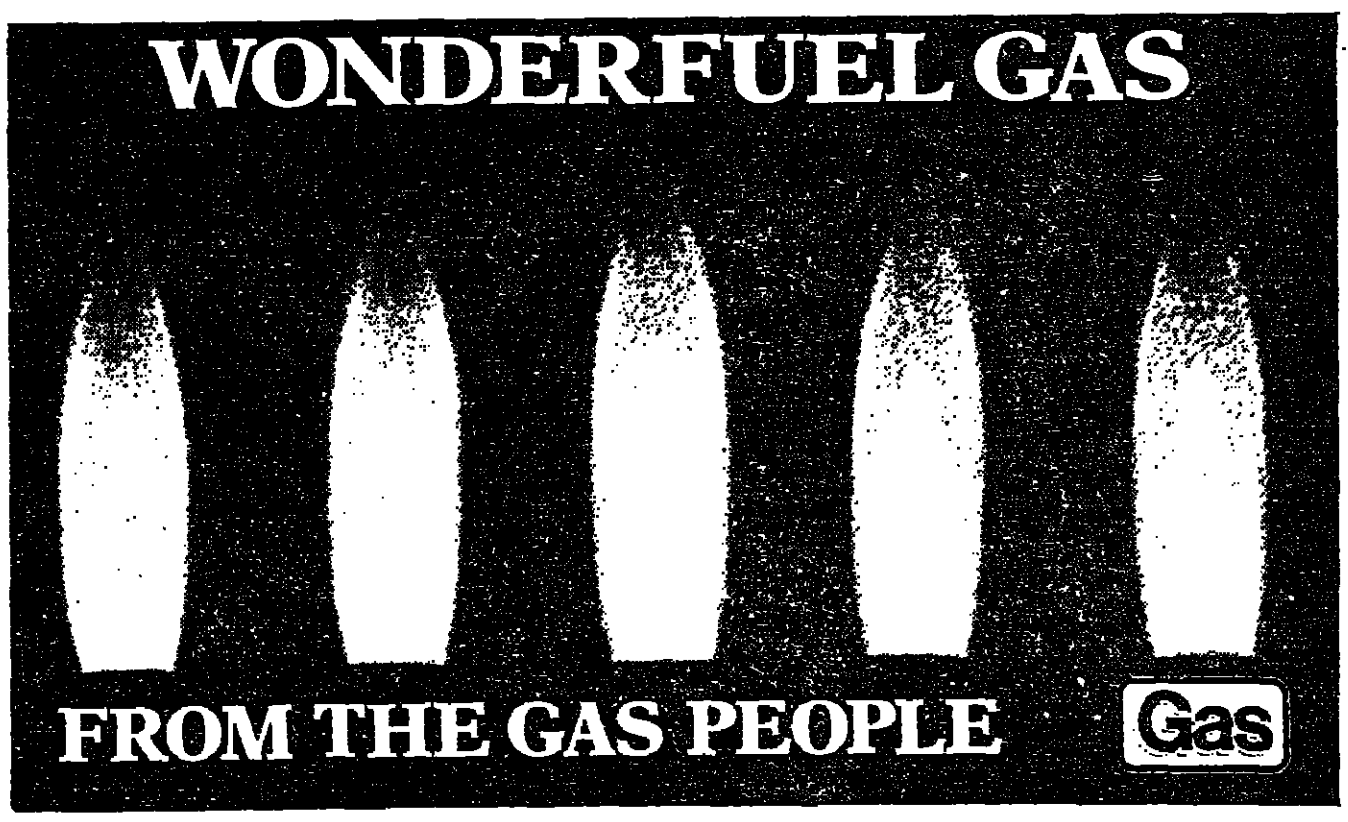
Detailed records of fuel consumption and production rates have been kept for the recuperative burner fired furnace and other similar units without heat recovery. Comparisons show that the furnace with recuperative burners uses some 46% less fuel.

The 12 month field trial is now complete, the system has proved reliable and the company involved are now in consultation to convert more furnaces. The cost of converting each furnace is around £6,000, which gives a payback period of just over a year on five-day single shift working. With an improved level of furnace utilisation, this payback period could be even shorter.

Profit from our experience.

If these high-efficiency developments—or perhaps even more important, the "Energy for Profit" philosophy behind them—interests you, you owe it to yourself—and your shareholders—to find out more.

For details write to the gas people—British Gas, Technical Consultancy Service, 326 High Holborn, London WC1V 7PT.



The Future an

The future of telecommunications rides on the promise of digital technology.

For the past century, virtually all communications–voice, data, graphics, image–was based on analog technology. The transmission and routing of all information was done in the form of electrical waves in varying amplitude and frequency.

In the 1960s, the introduction of computers to telecommunications networks increased the efficiency, flexibility, and capability of communications systems. But this was only an indication of the coming revolution.

Northern Telecom set off the revolution with an announcement in 1976. Applying its expertise in the key technologies of microelectronics and software, Northern Telecom became the first corporation to commit to the introduction of a complete family of fully digital switching and transmission telecommunications systems.

That commitment brought about the effective merger of the telecommunications and computer industries. Since then, every major telecommunications manufacturer in the world has followed Northern Telecom's announcement with their own. And, today, they continue to follow Northern Telecom's lead.

Northern Telecom's worldwide digital leadership is based on its commitment to research and development. The corporation annually spends more than nine percent of its revenues on R&D and has invested more than one billion dollars in R&D over the past decade.

Northern Telecom promised that our future would be a Digital World*.

In fact...

THE LARGEST SUPPLIER OF *FULLY* DIGITAL SWITCHING AND TRANSMISSION SYSTEMS IN THE WORLD.

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d The Present.

It is delivering the future today with the broadest and most proven line of fully digital systems of any company in the world. Since the introduction of its first fully digital switch in 1975, organizations in 50 countries have put in service or ordered thousands of Northern Telecom's DMS or SL systems to serve the equivalent of more than 14 million telephone lines. No other company can match this record of global success and experience as a developer, manufacturer, and supplier of fully digital telecommunications systems.

Northern Telecom's customers include all major telephone companies across North America, including Bell Canada, AT&T and its operating companies, the specialized common carriers, the U.S. military, the health and hospitality industries, educational institutions, governments at all levels, banks and other financial organizations, businesses large and small, and government PTTs in Europe, the Middle East, Africa, Asia, the Caribbean, and Latin America.

Technology does not stand still. Northern Telecom is extending its leadership in digital telecommunications by developing new integrated circuits and software to evolve and enrich our proven systems. And we keep expanding our product families to serve our customers.

The modularity of our hardware and software enables us to evolve the capabilities of our systems. We avoid the potential of rapid obsolescence that has caused other companies to speak of their product "generations". We protect our customers' investments by evolving their systems with the progress of technology. By this, we set new performance standards as targets for our competitors to strive for.

These are the digital telecommunications products of tomorrow, available from Northern Telecom today:

DMS*

Central office switches route telephone calls within the network. Northern Telecom's *DMS* (Digital Multiplex Systems) Family comprises switches that can economically handle from a few dozen *lines* in a *rural* area to the sophisticated, high-capacity systems needed for as many as 100,000 telephone lines in cities.

The flexible design, dispersed processing, and remote modules that can be located away from the central switch, make it easy to expand an installed *DMS* switch as new capacity or features are required.

The first of Northern Telecom's computer-controlled, *fully digital* DMS switches were introduced in 1977. That's seven years of experience in developing, evolving, producing, installing, and *servicing these sophisticated, compact,* reliable, and cost-effective systems.

DMS-1

The Digital Multiplex Systems most widely used by telephone companies in rural areas. DMS-1 can serve up to 256 lines over just four pairs of wires. There are currently 2,000 DMS-1s in operation to provide thousands of telephone subscribers with economic, improved service. The DMS-1A, and a new system called the DMS-1 Urban, can handle 512 and 544 telephone lines, respectively.

DMS-10

DMS-10 can handle the needs of smaller communities requiring service for up to 8,000 telephone lines. The *DMS-10M* is a specially designed, compact version housed in a mobile cabinet on wheels. The packaged design virtually eliminates *the need for engineering by* telephone companies, permitting rapid and unassisted installation. DMS-10 also features Remote Equipment *Modules to extend* economically the capabilities of the central switch to surrounding areas.

More than 700 DMS-10s are in-service, *including* some 140 switches for 20 of AT&T's operating companies, and hundreds of other telephone companies across the U.S. and Canada, and in several other countries.

The DMS-100 Family

The flexibility of Northern Telecom's modular hardware and software *architectures* has enabled the corporation to modify its large digital switches to serve all the different roles in the telecommunications network, *and to meet the special* requirements of particular customer groups, new markets, or countries.

For example, *Northern* Telecom has licensed its DMS-100 Family technology to two Austrian manufacturers to develop switching systems for that country. The *corporation also* licensed this technology to a Turkish manufacturer to produce DMS switches for Turkey's PTT. Northern Telecom has developed *special* features required by the U.S. military, the specialized and resale common carrier industry, and for cellular mobile radio-telephone system operators. There are now some 550 DMS-100 Family switches in-service or on order.

Reflecting the quality, reliability, and availability of Northern Telecom's *DMS*, *AT&T's* telephone operating companies have become major customers for these systems. AT&T has recommended the *DMS-1*, *DMS-10*, *DMS-100*, *DMS-200*, and DMS-100/200 for use and has signed supply contracts with Northern Telecom. These contracts *will be transferred to the* operating companies when they are divested in 1984.

The DMS-100 Family of switches, when first introduced in 1979, offered about 300 features. Today, as new capabilities and members of the family have been added, the list of features is *more than 1,000. And the total continues to grow* while other manufacturers are still introducing their basic systems.

DMS-100 can meet the needs of larger communities and cities needing a big switch for local calling. DMS-100 can serve up to 100,000 telephone lines and, with its Remote Line Modules, can economically provide service to smaller communities in surrounding locations.

DMS-200 is a toll switch that can handle 60,000 trunks (long-distance) circuits.

DMS-100/200 is a large switch combining local and toll capabilities.

DMS-100 Scope Dial *was developed to* meet the special needs of the U.S. Air Force which chose Northern Telecom's switching for its Scope Dial *program to modernize telecommunications* on its bases around the world. DMS-100's very-large capacity, proven reliability, advanced digital *switching architecture*, and *potential for significantly* reducing telecommunications costs, meets the rigorous requirements of the U.S. military's *upgraded Automatic Voice Network* (Autovon) and the global military network for telephone service.

DMS-100 Scope Dial switches are now installed at the Vandenberg base in California; Osan, Korea; Wright Patterson, Ohio; Eielson, Alaska; Hill, Utah; and four more are on order or are being installed.

DMS-200 Autovon is a special config*uration of Northern Telecom's toll switch to meet* the demands of the U.S. Department of Defense, military departments, and other users in the *Autovon military global communications* network. Five DMS-200 Autovons have been installed in the U.S.

DMS-250 was developed for specialized and resale common carrier companies in the U.S. such as Satellite Business Systems and MCI Communications. It enables these companies to benefit from, and to offer their customers the benefits of, the Digital World.

DMS-300 is an example of Northern Telecom's experience in designing systems for international telecommunications. This large *gateway switching* system connects a country's telephone networks to the international telecommunications grid. DMS-300 is currently being used by Teleglobe Canada.

DMS MTX is the newest member of Northern Telecom's *DMS Family*. The *DMS MTX (Mobile* Telephone Exchange), introduced in 1983, is a part of the cellular mobile radio-telephone system being offered by Northern Telecom working with the General Electric Company in the U.S. As an example of the flexibility of DMS, customers who have already installed DMS-100, DMS-200, or SL-100 (large PBX) switches can add the cellular mobile radio-telephone capabilities to their existing systems.

TOPS* (Traffic Operator Position System) is a fully integrated, automated system for telephone operators that provides them with privacy, comfort, and ease of operation, and offers the telephone company considerable efficiencies and cost savings.

MAP* (Maintenance and Administration Position) is a unique capability offered as an integral part of the DMS-100 Family, comprising an intelligent terminal for use in communicating with the switch to analyze and diagnose its performance. MAP can examine the system from an entire frame to a portion of a telephone line card.

SL* Family

Northern Telecom's SL Family of digital business communications systems can meet the needs of organizations for 30 to 30,000 telephone lines. The corporation was the first to introduce integrated voice and data handling capability and has become the leading international supplier of digital PBXs and data packet switching systems.

The SL Family will serve as network controllers for voice, data, and other forms of information in Northern Telecom's OPEN (Open Protocol Enhanced Networks) World*, a program announced in late 1982 to provide new digital systems, features, and terminals for efficient information management systems. OPEN World will enable Northern Telecom's switching systems to connect the corporation's digital networks and terminals with networks and devices produced by other vendors, giving organizations the freedom to choose diverse systems that will most effectively meet their requirements for information handling.

SL-1

Northern Telecom's SL-1 PBXs can handle integrated voice and data requirements for small *organizations needing as few as 30* telephone lines, to large businesses with up to 5,000 lines. The corporation is investing tens of millions of dollars annually to evolve and enhance the technology and capabilities of SL-1.

SL-1s are on order or in-service to handle 2.6 million telephone lines in 45 countries. Manufacturers in the United Kingdom, Sweden, Italy, and Korea have received licenses to manufacture and market SL-1.

SL-100

Larger organizations can benefit from Northern Telecom's advanced digital business communications systems technology by installing an SL-100. SL-100 can serve up to 30,000 telephone lines, making it the largest digital PBX available today. This PBX is based on Northern Telecom's proven DMS-100 system.

ESN

Northern Telecom's Electronic Switched Network (ESN), using SL-1 or SL-100, can link these PBXs and those of other manufacturers in sophisticated, cost-effective networks of 2 to 100 locations across the street or across a continent.

ESN's Communications Management Center (CMC) provides management with centralized control of its telecommunications network. CMC constantly records and analyzes telephone traffic, permitting changes to be made to the network as required. CMC's management features include user-billing and network-directory capability.

Other features, such as least-cost routing, can substantially reduce network costs by automatically finding the least expensive route for every call.

SL-10

The SL-10 bundles data in packets and digitally addresses and transmits the information at high speed with other users' data also bundled in packets. For most users, the elimination of the need for dedicated lines and charges only for *transmission time used, can mean substantial* savings.

SL-10 supports communications interfaces *and protocols from many computer systems so* that different machines in the network can communicate with one another. SL-10 networks are designed *to grow* as the need for data connections and traffic accelerate.

SL-10 forms the backbone of the Canadian Datapac and West German Datex-P networks. In the U.S., the Federal Reserve System uses an SL-10 network to handle funds transfers of more than $100 trillion per year. Other SL-10 users in the U.S. are Bankers Trust Company and Contel Network Inc. Internationally, SL-10s have been chosen for installations in the U.K., Hong Kong, Switzerland, Portugal, the Republic of Ireland, Belgium, and Austria.

Transmission Systems

Digital transmission systems are the threads which bind the Digital World. Transmission systems carry information between points. Voice or data is carried from the home, factory, or office, or *between central office switches by* copper wire, coaxial cable, radio, and glass fibers to the telephone company or private network switches, and routed *to the caller's destination.*

Increasingly, optoelectronic systems incorporating fiber optics and laser technology are being used to transmit simultaneous digital voice and data signals through the global telecommunications networks.

DE-4E

Channel banks facilitate a cost-effective and efficient transition to the Digital World. Front-end *devices converting analog signals to digital and* vice-versa, they make digital systems and products compatible with older generations of analog *equipment.*

Northern Telecom is the second largest manufacturer of channel banks in the world and the DE-4E is one of the most proven and reliable digital products available today.

PLC-1

Northern Telecom's Private Line Concentrator provides businesses and other organizations with the means to reduce dramatically the number of leased lines required in their voice communications networks, cutting line costs by as much as 50 percent. PLC-1 also provides network usage *data for improved management of the network.*

T1 Mini

A T1 Mini amplifies and regenerates voice and data signals as they are carried through the transmission systems. With its 24-channel capacity, the T1 Mini repeater is designed to meet AT&T specifications.

T1C

The T1 Mini's brother, the T1C has all the features of the smaller system with twice the capacity.

Digital Radio

Digital signals for voice, data, and video can be transmitted through the air. Northern Telecom's expanding family of digital radios currently includes 4ghz and 8ghz systems.

Optoelectronics

Northern Telecom has been developing and installing fiber optics systems since the early 1970s and continues to lead in advancing optoelectronic *technology. We have supplied over 150 fiber optic* transmission systems, the equivalent of more than 62,000 miles of fiber. Lightwave communication *through glass fibers is practical and economical* for voice, data, and video applications.

The successful application of fiber optics *systems to digital telecommunications means* longer transmission ranges of up to 30 miles without amplification by repeaters. Fewer repeat*ers means less field electronics, higher reliability* and lower installation and maintenance costs. Glass fiber is smaller and lighter than conven*tional cable systems and is free from* electromagnetic interference.

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For more information on Northern Telecom and its products contact: Northern Telecom (U.K.) Ltd. Langton House, Market St., Maidenhead, Berks., SL6 8BE Tel. (628) 72921.

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NORTHERN TELECOM HAS 37,000 EMPLOYEES, 46 MANUFACTURING PLANTS, AND 37 RESEARCH AND DEVELOPMENT CENTERS, IN BRAZIL, CANADA, ENGLAND, MALAYSIA, IRELAND, AND THE UNITED STATES. SALES OFFICES AND DISTRIBUTORS THROUGHOUT NORTH AMERICA, EUROPE, AND ASIA.

EEC probes photo-paper 'dumping'

By Paul Cheeseright in Brussels

THE EUROPEAN Commission has responded to a complaint from the chemical manufacturers and mounted an investigation into the alleged dumping by Japan of certain sensitised paper for colour photographs.

The chemical manufacturers federation, which has 62 anti-dumping cases on its books, based its complaint on a comparison of Japanese domestic prices and the prices at which the paper is sold in the EEC.

The case provides further evidence of the tension in EEC-Japan trade relations. The way in which complaints of unfair trading practices are handled by the EEC is the subject of lively discussion aimed at the formation of a common commercial policy.

EEC imports of the sensitised paper from Japan rose 29.4 per cent last year to 27.7m square metres. In the first quarter this year the imports were running 9 per cent ahead of the same period of 1982 at 7.3m square metres.

Remy Martin appoints sole agent in Japan

Sanraku-Ocean, which holds the the biggest share of Japan's wine market, said on Friday it had concluded an agreement with Remy Martin of France to sell its products in Japan as sole agent from 1984, AP-DJ reports from Tokyo.

EXPORT RESTRAINT TALKS WITH EEC LIKELY

Philips deal may alter Japan's VCR stance

BY CHARLES SMITH, FAR EAST EDITOR IN TOKYO

THE PROPOSED licensing of Philips to produce the VHS format for video cassette recorders (VCRs) could well lead to changes in the way Japan restrains its VCR exports to Europe, officials of the *Ministry of International Trade* and Industry said yesterday.

Miti said it was looking forward to holding talks with the EEC on the "modality" of export restraint but indicated it was in no hurry.

The Ministry believes that an arrangement under which Philips produced VHS tape recorders for the European market could eventually make irrelevant attempts to preserve a European market share for the V 2000 system currently being marketed by Philips. Under the present agreement Philips and Grundig, the two V 2000 manufacturers, are guaranteed European sales of at least 1.2m sets.

A spokesman for Matsushita Electric, which confirmed last Friday that it had been approached by Philips with a request for the transfer of VCR technology, said yesterday that he could not understand how European reports of the proposed deal presented Philips as "considering" an offer from Matsushita. The initiative was definitely taken by Philips, not the other way round, the spokesman stressed.

European sources in Tokyo believe that a technical tie-up between Philips and Matsushita for the production of VHS video sets could drive a wedge between EEC members such as the UK and West Germany which have sought to promote the assembly of VCR kits—with or without capital participation by Japan—and those which have favoured straight transfers of technology.

The UK and West Germany both favour the exclusion from the current voluntary export restraints of VCR kits which are shipped from Japan for final assembly in Europe. Nations such as France, which have chosen to stress technical transfers, rather than direct investment by Japan in local assembly of VCRs, favour the maintenance of the present arrangement under which both completed VCR sets and kits are subject to export restraint.

The conclusion of a technical tie-up between Philips and Matsushita could bring Philips down on the side of the European interests which favour a continued restraint on Japanese exports of kits, thus helping to polarise differences in Europe over the export restraint issue.

● Japanese exports of VCRs rose to a record 1.47m sets in September on active sales to all major markets except the European Community, the Electronics Industries Association of Japan said, Reuter reports from Tokyo.

The September total was up from the July 1983 record of 1.38m sets, and showed a [illegible] per cent increase from a year earlier.

Motorcycle ventures agreed with China

BY JUREK MARTIN IN TOKYO

TWO LEADING Japanese motorcycle manufacturers, Honda and Yamaha, have recently taken steps to meet the growing Chinese demand for small machines.

Over the weekend Honda *signed a second technological* agreement with two Chinese concerns—Sichuan Xinguang Industrial Products Imports and Exports, and the Jialing Machine Factory, also of Sichuan province—providing for output initially of a 70cc motorcycle and subsequently of a 125cc machine.

In December, 1981, Honda signed a similar technological agreement with the two Chinese enterprises to produce a 50cc moped. The Jialing company is currently turning out approximately 100,000 mopeds annually.

Yamaha's agreement is with China North Industries of Peking, the state-run heavy machinery concern, and envisages production by 1985 of 50,000 50-80cc motorcycles a year, to be sold in China under the Yamaha name and with a Chinese name in third country markets. The Yamaha models will also be produced at the Chongqing industrial complex in Sichuan province.

In both instances, the Japanese companies intend to provide technical know how, parts and production equipment, including engines, with local Chinese suppliers eventually taking over the full role of providing 100 per cent Chinese content.

According to Honda, Chinese consumer demand for small motorcycles and mopeds comfortably outstrips current production capacity, estimated at 200,000-250,000 units a year.

Hong Kong line to buy China ships

EXPRESS Ship Management Services of Hong Kong has been granted export credits of U.S.$54.6m by the Shanghai branch of the Bank of China, Reuter reports from Hong Kong.

The *China Daily reported in* Peking the loan will be used to finance the purchase of four 8,200-dwt ton container ships built in Shanghai.

An Express Ship Management official confirmed the report but said that so far a contract has been signed for the purchase of only one container ship. The other contracts will be signed by the end of 1984 at the latest.

● The Macao Government could decide whether to build an international airport in the middle of next year, Sr Amilcar Martins, secretary for planning and public works, said, Reuter adds from Macao.

If a decision to go ahead is made, reclamation works could begin before the end of the year.

He said the Government has received a feasibility study on an airport drawn up by the Civil Aviation Authority of China, a team from Frankfurt airport and Consulplano, a Portuguese company.

The study offered options for an international and for a regional airport. The former would cost HK$2.9bn (£250m) for reclamation and HK$504m for construction

Bonn, London cool on Airbus proposal for export credit body

BY DAVID MARSH IN PARIS

EUROPEAN Governments are cold-shouldering a much-publicised suggestion by Airbus Industrie, the airliner manufacturing consortium, for a new pan-European export credit organisation to help finance aircraft sales abroad.

The idea was put forward at the beginning of the year by M Bernard Lathière, chairman of the four-nation Airbus Industrie, who called for a European version of the U.S. Export-Import Bank to improve co-ordination of Airbus export financing and head off competition from U.S. manufacturers.

But the British and West German governments — which together with France and Spain are involved in backing Airbus —so far have shown a cool response to the idea, mainly because they oppose adding extra subsidies to existing arrangements to back exports.

The governments in London, Paris and Bonn are already making greater efforts to harmonise procedures for granting export credits for Airbus sales. Officials in the three official export credit agencies—the Export Credit Guarantee Department in the UK, Coface in France and Hermes in Germany—are in daily touch on the subject. The three separate national groups of banking consortia involved in Airbus sales also work closely together.

The present financing system, based on a minimum of 12 to 12.5 per cent interest rates on 10 year dollar credits to Airbus buyers, already involves some government subsidies. The interest rates are shortly to be revised under the new guidelines for officially supported export credits just agreed at the OECD.

Both Bonn and London are reluctant to make any more thorough going changes to Airbus export financing. General Jacques Mitterrand, the former chairman of Aerospatiale, the French partner in Airbus, accused Germany and Britain at the beginning of the year of insufficient financial support to back Airbus sales.

But one Bonn government official now says that French attempts to overhaul credit arrangements seem to have died since Gen Mitterrand retired this summer and was replaced by M Jean Martre.

The relatively bureaucratic three-nation European system for agreeing Airbus sales finance has in the past led to delays in agreeing export cover for problem countries like the Philippines or Lebanon.

Kuwait buys 12 Hawk jets

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

BRITISH AEROSPACE has won a contract from Kuwait for 12 Hawk jet trainer and light combat aircraft, worth over £60m including spares.

The deal brings total Hawk export sales to 126 aircraft, with another 309 planned for use by the U.S. Navy in a training role. The RAF has 175 Hawks for training and light combat duties.

The aircraft for Kuwait will be Mark 64s, for advanced flying and weapons training, and air defence duties, including an operational ground attack *capability*.

Rolls-Royce will share in the deal, as its Adour engine powers the Hawk.

The Hawk has now flown about 230,000 hours in operational service, and has a safety record said by the RAF to be unmatched by any previous jet trainer.

The Hawk has cut previous trainer defect rates by up to 70 per cent, while maintenance man-hours per flying hour have been halved. Fuel usage has also been significantly reduced compared with previous generation training aircraft.

The aircraft is also in service in Finland, Indonesia, Zimbabwe, the United Arab Emirates and another, undisclosed, African country.

Portuguese bank signs Colombia finance pact

BY DIANA SMITH IN LISBON

PORTUGAL'S national development bank, Banco de Fomento Nacional (BFN) has signed a $25m (£16.7m) financing agreement with the Finance Corporation of Colombia to cover exports of Portuguese capital goods or services to Colombia.

The agreement was announced during last week's five-day meeting in Lisben of the Association of Latin American Development Institutions (Alide) for which the BFN acts as host.

Stressing the urgent need for greater European co-operation with Latin America Sr Ricardo Lovelace of the Banco Exterior *de Espana, which is actively* involved in Latin America, told the meeting that it was vital for the industrialised world to help find long-term solutions to Latin America's economic problems.

More than half Spanish investment abroad is placed in Latin America and direct Spanish investment there has grown at a rate of nearly 45 per cent a year in the last decade.

M Jean San-Jeour, chairman of the Credit National de France, said that between 1967 and 1982 European investment in Latin America grew from $1bn to $15bn. But he stressed European investment there could and should be far greater.

The need for more foreign *investment in the sub-continent* was also stressed by Mr Rainer Steckhan, World Bank director for Latin America. Mr Steckhan called for four main tactics to help solve the Latin America's crisis:

● Efforts to relaunch economic growth so as to create more jobs;

● More direct foreign investment;

● Increased exports from Latin America to generate income to finance imports needed for development. Industrialised nations must, therefore, resist the temptation to increase protectionism;

● The continuation of commercial loans despite the sub-continent's accumulated $300bn debt.

India promises to uphold liberal import policy

BY K. K. SHARMA IN NEW DELHI

INDIA'S Finance Minister, Mr Pranab Mukherjee, yesterday promised that the Government's liberal policy on imports of essential machinery and technology would not be changed because of balance of payments problems. The imports were needed to maintain the competitiveness of Indian industry abroad.

The assurance was given in the wake of reports that the Government would be forced to modify its liberal import policy introduced five years ago because of pressures on the foreign exchange reserves.

Mr Mukherjee told the Forum of Financial Writers that the international economic environment was not conducive to India's requirements, particularly as the North-South dialogue had stalled and there was little hope of a reform of the Bretton Woods institutions such as the World Bank and the International Monetary Fund.

The minister was also disheartened by reports that the U.S. had decided to slash its contributions to the International Development Association (IDA), the World Bank's soft affiliate which traditionally gives 40 per cent of its funds to India.

Mr Mukherjee: disheartened by news of the IDA

If the U.S. limits its share to the seventh replenishment of IDA to just $750m a year and this was 25 per cent of the total, then the total size of the seventh IDA would be just $9bn, or $3bn less than the current sixth IDA. This would affect the inflow of hard currency into India, which would have to rely increasingly on its own resources.

Mr Mukherjee was hopeful of a fall in the India trade gap to less than Rs 5bn (£326bn) in 1983-84 compared to Rs 5.7bn last year. This was mainly because of the reduced import bill for oil, domestic production of which has risen to 28m tonnes or more than half the country's needs.

Motorola to lift output with a £16m new plant

BY GUY DE JONQUIERES

MOTOROLA of the U.S., one of the world's largest semiconductor manufacturers, is to increase its UK presence by building an automated microchip assembly line at its plant in East Kilbride, Scotland.

The line, expected to be the most modern of its kind in Europe, involves an investment estimated at $25m (£16.7m). This is in addition to the approximately $125m, which Motorola is already spending to double its capacity to produce raw microchips at East Kilbride.

The new line, which will make extensive use of robots, is intended to permit Motorola to step up substantially its deliveries of finished microelectronic components in Europe.

Last year Motorola's semiconductor revenues in Europe totalled $252m, making it the third largest supplier in the region, according to Dataquest, the U.S. market research company.

At present, most semiconductor manufacturers rely heavily on manual labour – chiefly at plants in the Far East – to assemble microchips by wiring them on to mountings which can be plugged into printed circuit boards.

But output from manual asembly facilities has failed to keep up with worldwide demand for microchips, which has been surging strongly since last spring after three years of weak growth.

The bottleneck has become so acute that Motorola has decided to make the installation of its automated assembly line in East Kilbride top priority, and has given it precedence over plans to expand production there of raw microchips.

The assembly line is due to start operating next summer. The rush to bring it into service has meant postponing for six months the introduction of Motorola's enlarged microchip wafer facility, now due to begin operating in 1985.

Motorola, which also makes microchips at Toulouse, France, has recently increased its investment programme in Europe. It is building a £10m mobile radio factory in Basingstoke.

The company had a worldwide turnover last year of $3.8bn.

Kinnock gives close ally key portfolio on EEC affairs

BY OUR PARLIAMENTARY STAFF

MR NEIL KINNOCK, the Labour Party leader, yesterday showed that he planned an all-out campaigning effort for next year's European parliamentary elections by appointing his close ally, Mr Robin Cook, to be spokesman on European and EEC affairs.

Mr Cook, aged 47, organised Mr Kinnock's highly successful campaign for the party leadership. He will spearhead the European election campaign, which will be the first major electoral test of the party under Mr Kinnock's leadership. Mr Kinnock took over a month ago from Mr Michael Foot.

Mr Cook, who is MP for Edinburgh Central, shares Mr Kinnock's commitment to unilateral nuclear disarmament. He has shown an active interest in reshaping Labour's defence policy, without dropping this commitment, and was widely tipped for the defence portfolio. The reappointment yesterday of Mr John Silkin to this post caused some surprise and dismay among Labour MPs who considered him ineffectual during the last Parliament.

Mr Cook has never held ministerial office and as a newcomer to the Shadow Cabinet came only 10th in last week's party elections. He was apparently considered to have insufficient claim to such a senior post as defence.

Mr Neil Kinnock

It is suggested, however, that if Labour's performance in the European elections shows a dramatic improvement on its abysmal 1979 results, Mr Cook may emerge with sufficient credit to warrant a rapid promotion.

Labour's commitment to withdrawal from the EEC has been substantially watered down since this year's general election – it now has the status of merely "an option." However, much of the left of the party remains committed to withdrawal and Mr Cook faces an uphill task in changing the policy without being accused of selling out.

As widely expected, Mr Kinnock has retained Mr Denis Healey as foreign affairs spokesman and appointed Mr Roy Hattersley, deputy party leader, as Shadow Chancellor of the Exchequer. Mr Peter Shore is made Shadow Leader of the Commons and also trade and industry spokesman, Mr Gerald Kaufman becomes Shadow Home Secretary and Mr John Smith will speak on employment.

Among the six newcomers to the team, Dr John Cunningham has been allocated the environment portfolio and will lead Labour's fight against government legislation to curb rises in rates (property taxes) and to abolish the metropolitan authorities.

Mr John Prescott, as transport spokesman will lead the opposition to government plans to privatise British Airways, London Transport and the port authorities and to impose tough new cash limits on British Rail.

Mr Barry Jones becomes Shadow Welsh Secretary, Mr Michael Meacher has been allocated the newly combined health and social services portfolio and Mr Giles Radice will speak on education.

Mr Kinnock's readiness to accommodate the senior members of his team, such as Mr Peter Shore, does not appear to have extended all the way down the hierarchy. Mrs Gwyneth Dunwoody, who wished to retain the health portfolio, refused four other jobs

Call for Times inquiry rejected

By Our Parliamentary Staff

THE GOVERNMENT last night rejected a call for a special inquiry to investigate Mr Rupert Murdoch's takeover of the Times newspaper group in 1981.

The move was called for by Labour MP Mr Alfred Morris, who asked the Lord Privy Seal, Mr John Biffen, to look into evidence recently published by former Times editor Mr Harry Evans, in his book *Good Times, Bad Times*.

Mr Evans alleged that Mr Biffen misled the Commons during a debate on the takeover in 1981 on the grounds that he failed to fulfil his statutory duties by refusing to refer the deal to the Monopolies and Mergers Commission.

He said Mr Biffen's presentation excluded certain sources of revenue and profit which affected the apparent viability of the Sunday Times.

Mr Biffen said yesterday that the material in the book did not add significantly to the information available to him and to Government advisers at the time.

Yard must prove ability to meet deadline for rig

BY ANDREW FISHER, SHIPPING CORRESPONDENT

SCOTT LITHGOW, the British Shipbuilders yard on Scotland's Clydeside, faces possible closure unless it can show this month that delivery of an £86m drilling rig for Britoil can be made in January 1985.

The rig is well behind schedule and could be cancelled if the yard cannot prove the deadline can be met. Cancellation would leave it with hardly any work. It was state-owned BS's biggest lossmaker in the financial year to March 31 1983, with a £66m trading loss.

Lloyds Leasing, the Lloyds Bank subsidiary which is financing the deal, served notice under the contract terms that the yard now had 30 days to demonstrate that the rig would not be more than 300 days late.

Scott Lithgow, which employs nearly 5,000 people, is BS's main offshore yard. It has aready been estimated independently that the Britoil rig is about 500 days behind schedule, and the yard is also late with a rig for British Petroleum.

Mr Graham Day, BS chairman, is to lead the group's management in crucial talks with trade unions, who have already threatened an industry-wide strike if BS insists on a wage freeze as part of its job-shedding survival plan.

BS has told Lloyds Leasing and Britoil that it does not want to renegotiate the price of the rig. Britoil, which will be partnered in the rig venture by Ben Odeco, UK-U.S. drilling contractor, wants the semi-submersible rig for deep water drilling off Shetland and Ireland.

The first delivery date was April 1984, but a new time of January 1985, has since been set. Slippage of 300 days is allowed for in the contract, with a penalty of nearly £20,000 a day.

Britoil's joint managing director, Mr Malcolm Ford, said the company had sought to renegotiate the price rather than cancel the deal, but Britoil saw no chance of completion within the 300-day delay allowed for.

He said that with BS unwilling to renegotiate, "we find ourselves with no alternative but to protect our interests by the commencement of the procedure for cancellation of the contract." Even at this late date, though, "we would still be willing to enter into discussions on renegotiated terms."

Massey lifts cash for youth recruits

BY DAVID BRINDLE, LABOUR STAFF

TRACTOR manufacturer Massey Ferguson is paying Youth Training Scheme (YTS) recruits at least £74.60 a week – almost three times the specified YTS allowance.

The Manpower Services Commission says the top-up payment is by far the largest that has come to light since YTS started in September.

The premium payment applies to just 25 shopfloor trainees taken on at the Massey Ferguson plant in Coventry. But it has been enshrined in an agreement with trade unions at the factory and will apply to any future YTS recruits.

The agreement also entitles YTS trainees to full sickness and holiday benefits, requires them to join a union to maintain the plant's closed shop, and guarantees them a permanent job at the end of 12 months provided they have proved suitable.

Mr George Getlevog, Coventry district official of the Transport and General Workers Union, said last night: "We regard this as a breakthrough and will be quoting it to other companies who seek to have discussions with us on YTS."

The agreement stipulates that YTS trainees will be paid £74.60 a week at the age of 16 and £76.50 if they are 17. The payments represent the "rate for the age" as if the trainees were regular employees and will continue through the specified 13 weeks off-the-job training.

Mr Getlevog said the unions had started to negotiate terms for a YTS agreement on the premise that the £25 allowance was unacceptable. He thought the deal was surprising. "Considering the current financial plight of Massey Ferguson, you might have thought they would be the last firm that would wish to go down this road."

Mettoy toys group calls in receiver

BY DAVID DODWELL

METTOY, the UK's last surviving publicly-owned toy manufacturer, was yesterday put in the hands of receivers. It is best known for its Corgi toys.

A spokesman for the receivers, Deloitte Haskins, and Sells, said yesterday that the company would continue to trade while purchasers were sought.

It was emphasised that Dragon Data, the Welsh-based microcomputer manufacturer launched 18 months ago by Mettoy, would not be affected by the company's collapse.

Mettoy has struggled with continuing losses and mounting debts since 1979. It has seen competitors such as Dumbee-Combex-Marx Lesney Products, and Berwick Timpo collapse during that time. It falls into receivership itself despite major rationalisation over the past year.

In the 12 months to December 31 1982, Mettoy reported losses of almost £4m, and debts of about £10.5m. Losses continue, but Mr Hansom would not provide more details. The receiver will be making a statement in due course, he said.

Since taking office last year, Mr Hansom has sold Wembley Playcraft for £1.6m, and a warehouse for £850,000.

Unable to fund the growth of Dragon Data, it floated all but 15.5 per cent of the subsidiary late last year, raising a net £900,000.

In February, he also organised a rights issue which raised £3.1m. All of these funds were used to reduce debt, but Mr Hansom conceded yesterday that they had not provided sufficient relief.

Mr Bernard Hansom, Mettoy's chairman since August last year – he was called back by the board having been managing director of the company between 1972 and 1976 – said at Mettoy's main factory in Swansea yesterday: "There have been lots of ups and downs in the past 12 months, but prospects always seemed reasonable until recently."

He said orders had been picking up as usual ahead of Christmas: "But the increase was not great enough to enable us to cope with present levels of debt," he said.

Apart from the main Swansea factory, the receivers will try to sell Mettoy's other subsidiary, an engineering company in Northampton, which makes die-cast components mainly for the motor industry.

Dragon Data itself has not been without problems. Urgent need for fresh funds for stock building ahead of Christmas forced the company to mount a £3.5m rescue package earlier in September.

Claims over Sellafield health hazard denied

BY ELAINE WILLIAMS

BRITISH Nuclear Fuels (BNFL) yesterday refuted claims made in a Yorkshire Television documentary, that the Sellafield (formerly Windscale) nuclear power plant has caused cancer in children in Cumbria.

This evening Yorkshire Television is to show its programme which will allege that the incidence of leukaemia in children under 10 years in a village near Sellafield is 10 times the national average. In addition, the report commissioned by the television company says that plutonium dust, a known carcinogen, has been found in houses in Cumbria and even further away in Scotland.

BNFL is to lodge a formal complaint with the Independent Broadcasting Authority about the "one-sided advance publicity" given to ITV's programme. Methods employed by the television company's researchers, BNFL says, caused complaints about intrusion into privacy and allegations that ITV had access to, and misused, private medical records.

"We particularly object to the statement in the programme that there is a hazard to children playing and walking in the Sellafield area", says BNFL. "Assuming the highest figures quoted in the programme for levels of radioactivity to be correct, children would have to eat 20 lb of dust in a year or sit in one tiny spot of a muddy estuary for 500 hours in a year before permitted limits would be reached."

Government presses for right of veto at Cable & Wireless

BY DOMINIC LAWSON

CABLE AND WIRELESS (C&W), the international telecommunications company is calling on its shareholders to issue the Government with a "golden share." The "special rights preference share" of £1 will give the Government an effective right of veto against a "material disposal of assets" by the company.

Last week Mr John Moore, the Financial Secretary to the Treasury, told the House of Commons that the Government had in mind the sale of about half its stake in the company. At present the Government's 45 per cent stake is worth about £546m.

If the Government were to hold less than 25 per cent of the shares, it would lose its right to block changes in the Articles of Association. The golden share will ensure the continuance of those articles which limit the shareholdings of individuals and parties acting in concert to not more than 15 per cent of the equity.

This is a political protection against the argument that in reducing its stake in C&W, the Government runs the risk of allowing an important strategic business to fall under foreign control.

The special share, which is similar to those held by the Secretary of State for Energy in Amersham International and Britoil, "would not confer any control over the company's commercial affairs", according to a letter sent to shareholders yesterday by C&W's chairman, Mr Eric Sharp.

The share also requires the company to obtain written consent from the Government before certain events, such as a voluntary winding-up of the company, or material disposal of assets by the company, could take place. A Cable and Wireless spokesman said yesterday: "The Government gets a lot for its one pound."

The directors of C&W are also proposing that the company's articles should be amended so that the chief executive should be a British citizen. Mr Sharp said last night that this was a requirement of the companys articles, before it was nationalised in 1947.

● The Government yesterday reaffirmed its commitment to press ahead with its plans to sell 51 per cent of British Telecom (BT) to private investors in the autumn of next year, **Guy de Jonquieres** writes.

Mr Kenneth Baker, minister for information technology at the Department of Trade and Industry, told the International Chamber of Commerce in London that nobody should under-estimate the Government's determination to privatise theorganisation.

"This is a top priority for the Government and we are on schedule to achieve it by the autumn of next year," he said.

Most of the opposition to the plan was coming from the Post Office Engineering Union whose members feared – wrongly, according to Mr Baker – that privatisation would lead to job losses.

Mr Baker is understood to have inserted the remarks in his speech after press reports at the weekend suggested that the Government was considering postponing the sale.

BT said yesterday that it wanted the planned flotation to take place as quickly as possible after the Telecommunications Act became law, to avoid a lengthy interim period in which it would be neither a nationalised industry nor a public limited company.

It had consistently advised the Government that the autumn of next year was the best moment to sell the shares, and had received no indication that the Government planned to depart from this timettable.

Meanwhile, reports that the Government was studying proposals to privatise the Post Office before the BT flotation were widely dismissed in Whitehall yesterday.

Though the Government has considered the Post Office as a possible candidate for privatisation, it is understood to have concluded that it would be difficult to sell the organisation because of its obligation to provide lossmaking services in inner cities and rural areas.

Campaign to cut energy costs by £7bn

BY MAURICE SAMUELSON

MR PETER WALKER, the Energy Secretary, yesterday launched a campaign to cut Britain's energy bill by £7bn a year, or about £20m a day.

Mr Walker, who took over the energy post last month, indirectly charged his predecessors with not taking the issue seriously enough.

The Energy Department is establishing for the campaign an energy efficiency office. A born-again version of the department's old conservation division, it is now endowed with the power to "co-ordinate" other ministries' energy-saving programmes. According to Mr Walker, it has the personal backing of the Prime Minister.

The office, to be headed by Mr Bill Macintyre, a 40-year-old civil servant who once worked for British Petroleum, will spearhead a national publicity campaign aimed at industry and the domestic user. The budget will be about £15m.

Mr Walker said at a press conference that, in coming months, ministers would visit 40 towns and cities throughout the country. Exhibitions would be mounted in major shopping centres, backed up by leaflets, press advertisements and direct contacts with industry, commerce and local authorities.

Asked why this would not turn out to be "just another exercise in exhortation," Mr Walker replied: "Because all my previous exercises in exhortation have been successful, such as my Food for Britain campaign." (He was formerly Agriculture Minister). He also expressed his surprise on becoming Energy Secretary at discovering the enormous scope for increasing energy efficiency.

Most of his predecessors in the past five years have been content to delegate the main responsibility for conservation to a junior minister. They have also gradually distanced themselves from the hard-hitting campaign launched by Mr Tony Benn under the "Save It" slogan in the closing months of the last Labour Government.

Under Mr Benn's Conservative successors, Mr David Howell and Mr Nigel Lawson, it was claimed that prices were the main mechanism for controlling demand for energy.

Mr Walker made no mention of the price mechanism yesterday. He dwelt instead on the effect which better energy use could have on prices, rather than vice versa.

● The National Council for Voluntary Organisations (NCVO) yesterday welcomed the energy efficiency office as "a new opportunity for action." The NCVO operates a national programme under which formerly jobless people help to insulate homes of low-income households.

New law expected to boost tyre sales

By John Griffiths

THE UK's depressed tyre manufacturing and retailing industry is expecting a boost in sales from tougher legislation on minimum tread depths which came into effect at midnight last night.

The legislation, which carries penalties of up to £1,000 per tyre for infringement, requires a minimum tread depth of 1mm in a continuous band over at least three-quarters of the tyre's width and a visible pattern over the remaining quarter.

For cars, fines of up to £500 per tyre apply, with a possible licence endorsement. The penalty is £1,000 per tyre for commercial vehicles, buses and coaches.

There was some criticism from manufacturers yesterday that the Government had given inadequate publicity to the new measures. They said it was less than for the compulsory wearing of front seat-belts, introduced this year, although the penalties under the new legislation were far higher.

However, the industry has taken action of its own. Michelin, the UK market leader, launched its own poster campaign and says there has already been a noticeable increase in sales.

The National Tyre Distributors Association has launched a "free tyre check" campaign at its 2,500 member outlets. Yesterday, it said that some depots had been "absolutely inundated" by motorists seeking to beat the November 1 deadline.

The NTDA welcomed the new legislation and pointed out that the Automobile Association representing motorists, was already pressing for tyres to be replaced when the tread depth reached a minimum of 2mm.

The legislation offers some relief for an industry beset by problems of weak demand and over-capacity throughout Europe caused to a large extent by the advent of the radial tyre, which has doubled mileages attainable compared with the cross-ply.

About 13.5m tyres were sold in the UK replacement market last year and 1.15m the commercial vehicles market. Some industry estimates are that this year replacement car tyre sales will rise to 14.8m and those for commercial vehicles to 1.8m.

● Vauxhall, the UK subsidiary of General Motors, is expected to announce record car sales for October when official registration figures are disclosed on Friday.

£25m car orders at London motor fair

By John Griffiths

CARS WORTH more than £25m are estimated to have been sold during the 10-day Motor Fair which closed at London's Earl's Court at the weekend.

Attendance at the biennial show was about 30 per cent higher, at over 300,000, than in 1981. "It demonstrates that Londoners want their own show and that Motor Fair, where the manufacturers' dealers sell and take orders on the stand, is the right format of it," said a spokesman for the show organisers.

The UK's "official" motor show, at Birmingham's National Exhibition Centre, is also biennial, alternating with Motor Fair. But it is a manufacturers' show, organised by the Society of Motor Manufacturers and Traders (SMMT). Motor Fair is run by the independent organisation, Philbeach Events, in association with the SMMT and the Motor Agents' Association.

Jaguar reported taking orders for about £750,000 worth of cars; Lotus sold 25 vehicles, Rolls-Royce eight and Aston Martin six of its Lagondas, including an £85,000 version.

Volume manufacturers such as Austin Rover each reported orders worth about £1m.

One of Britain's smallest manufacturers, however, claimed to have done most business: Panther Cars, rescued from receivership three years ago by a South Korean business group, reported taking orders for 120 of its two-seater sports and luxury cars, worth £2m.

The next Motor Fair will take place at Earl's Court in October, 1985.

Gold coin trading resumes

BY ROBIN PAULEY

PUBLIC TRADING in gold coins resumes today in Britain after a three-month halt caused by rising fears about fraud.

The resumption of trading is the result of a new special accounting scheme devised by the Customs and Excise Department in an attempt to cut down the risk of dealers being exposed to value added tax (VAT) frauds by gold smugglers.

The new scheme, drawn up in consultation with the London Gold Market, will enable dealers to pay all the VAT due on gold coin transactions directly to Customs and Excise if they wish, rather than to the seller as they do now.

Johnson Matthey Bankers, Samuel Montagu and Sharps, Pixley, all members of the London Gold Market, said yesterday that they intend to resume gold coin dealing with the public from today, subject to their normal internal procedures for approval of individual customers.

Before the new VAT payments scheme was devised, smugglers were able to make substantial profits by bringing untaxed gold into Britain and selling it to authorised dealers with the 15 per cent VAT charge built into the price. Normally, the seller of the gold was liable to pay the VAT to Customs and Excise, but the smugglers simply pocketed the VAT as extra profit.

Last year, gold smuggling was estimated to be running at £100m, but it has tailed off this year to an estimated £10m. This is partly because of the clampdown on smugglers and partly because of the crash in the value of gold last month to below $400 an ounce. Earlier this year it was above $500.

VAT was introduced on gold coin purchases in April last year. This was intended to stop criminals making their own gold bars from zero-rated krugerrands, selling a little above the equivalent gold price, and then claiming back 15 per cent VAT on the illegal bar.

Only registered dealers will be eligible for the new VAT scheme. Even if they use the scheme they will still be liable to have contraband gold confiscated if Customs and Excise discover they are in possession of it.

UK to act on illegal technology export

By David Buchan

THE UK Government has set up a special squad of nine Customs and Excise investigators and three technology specialists from the Department of Trade and Industry to stem the illegal flow of militarily sensitive technology to the Soviet bloc.

The move comes in response to growing criticism this year by the Reagan Administration that its allies have been lax in enforcing multilateral technology controls agreed in the Paris-based co-ordinating Committee (CoCom), which groups most Nato allies and Japan.

It was obliquely referred to last week by Mr Norman Tebbit, the UK Trade and Industry Secretary, in a statement in which he was critical of export control legislation now before the U.S. Congress. He said Britain fundamentally shared the U.S. Administration's concern for "proper" controls to ensure Western security, and it had recently taken further steps towards "effective enforcement" of CoCom rules.

The British Government was stung this summer by what it saw as misplaced criticism by U.S. officials that Britain was lax in controlling sensitive high technology. A particular problem which Britain has, UK officials point out, is that Heathrow airport is the largest air cargo transhipment point in the world and that not all the cargo there can be minutely scrutinised.

Nevertheless, UK officials note with satisfaction that a recent inadequately documented shipment of CoCom-embargoed equipment, apparently dispatched by the U.S. on purpose to "test" enforcement, was detected.

Telecom dispute appeal starts

BY RAYMOND HUGHES, LAW COURTS CORRESPONDENT

THE POST Office Engineering Union (POEU) claimed to be legally entitled to destroy private competitors of British Telecom (BT) in order to safeguard its members' jobs, a QC said in the Court of Appeal in London yesterday.

But all telephone engineers were protected by a job security "no redundancy" agreement with British Telecom, Mr Robert Alexander said.

Mr Alexander, arguably the most eminent and reportedly the most expensive QC at present practising in the courts, had been brought in to lead the challenge by Mercury Communications to the High Court's refusal to grant temporary injunctions stopping the union's industrial action against the company.

Last week the union, which is instructing its members to refuse to connect Mercury to the public telephone network, succeeded in persuading the court that it was immune from legal sanctions because it had a genuine dispute based on its fear that the sale of BT to the private sector would lead to job losses.

Mr Alexander told Sir John Donaldson, Master of the Rolls, and his two fellow appeal judges that the issues raised were not only fundamental to Mercury's survival, but also of importance to industry generally and to industrial and employment law.

The POEU had objected to Mercury being granted a licence to compete with BT, and had consistently indicated an intention to destroy Mercury.

It had not told the High Court of the job security agreement, of which Mercury had learnt "by chance," only last week.

The agreement provided that there would be no redundancies in any circumstances, subject only to an escape clause entitling BT to end it in certain tightly drawn circumstances. There was no suggestion that it was not still binding, or that it was in peril.

There was still nothing about that agreement in the union's evidence, even though its inclusion would give a more complete picture of the situation, Mr Alexander said.

There was, however, abundant evidence that the union was wholly against any attempt to privatise the telecommunications industry and totally antipathetic to the prevailing political policy of privatisation.

It was an essential part of the union's campaign that Mercury should be destroyed so as to discourage other private competititors, Mr Alexander suggested.

Asserting that the High Court had both misappreciated the facts and misinterpreted the law, he argued that the union would suffer no damage if a temporary injunction were granted against it

Tax haven measures to be reintroduced

BY ROBIN PAULEY

THE GOVERNMENT yesterday indicated its intention to reintroduce in next year's Finance Bill measures to tighten the rules on tax havens. These had to be dropped this year when the early calling of the general election forced the 1983 Bill to be cut to its bare essentials.

All the measures on controlled foreign companies covered by the lost clauses 44 to 52 in the 1983 Bill are again being considered for inclusion next year, with some minor exceptions.

The main one is that the 1983 Bill involved calculating the charge to corporation tax on the complicated basis of "notional UK tax". Inland Revenue press releases at the time suggested that the Government would have changed this at the Bill's committee stage so that the tax charge would be based on an apportionment of chargeable profits. This change is maintained in the proposals for next year.

In addition, a new provision is proposed – which was also indicated in the March press releases – to ensure that no charge to tax will arise if the chargeable profits of a controlled foreign company for a 12-month period do not exceed £20,000.

These moves on controlled foreign companies were designed to end the tax advantages to UK companies from what the then Chancellor of the Exchequer, Sir Geoffrey Howe, described in this year's budget speech as "accumulating surplus cash balances in tax havens overseas." The new rules will mean British corporation tax can be imposed on certain UK resident companies with interests in UK controlled companies in tax havens.

Warning to retailers

BY DAVID CHURCHILL, CONSUMER AFFAIRS CORRESPONDENT

THE OUTLOOK for retailers in 1984 is "much more difficult," according to a leading firm of stockbrokers yesterday.

Capel-Cure Myers has sent a circular to its clients pointing out that the current buoyancy of retail trade may not continue into next year. "We are experiencing the final leg of an unsustainable consumer boom," say the brokers.

"With consumer spending still refusing to comply with the fundamentals and die, a cheerful retail Christmas seems assured," says Capel-Cure Myers. "But we remain convinced that next year will be much more difficult."

The brokers emphasise that they are predicting a slowdown in the rate of growth, rather than any slump in consumer spending similar to the cutback in 1980 and 1981.

The latest trading figures from the John Lewis Partnership, a large stores group, show that the colder autumn weather has helped to boost sales.

Sales in its department stores were 13.7 per cent higher in the week ended October 12 than in the same week last year. This is slightly above the average for the last three months – which indicated a 13.5 per cent increase – and well above the store group's budgeted increase for the half year of 11.9 per cent.

Doubts over Sir Paul Scoon's right to ask for intervention in Grenada

MUCH SPECULATION has centred on the precise role played by Sir Paul Scoon, the governor-general of Grenada, in inviting American forces into the tiny Caribbean island and in subsequently accepting the invitation of the U.S. Government to form a new administration.

Whatever the facts about Sir Paul's actions during the past four weeks, there remains much obscurity about their constitutionality.

The difficulty begins with the precise status of Grenada following the unconstitutional overthrowing of the lawful government under the premiership of Sir Eric Gairy in March 1979. Until then, Grenada had developed from British colonial status to full independence via the status of one of the associated states of the West Indies.

Grenada was acquired by cession to the British Crown by France by the Treaty of Paris in 1763, having been conquered the previous year. A representative assembly was granted in 1763, but full constituent power was restored to the Crown in 1876.

From 1880 to 1962, Grenada was governed, with its own legislative and executive councils, as part of the Windward Islands colony constituted in 1880. From 1938 to 1962 it was a member of the West Indies Federation, which was then dissolved.

At the break-up of the federation, Grenada, with other British Caribbean islands, became an associated state with a governor as the Queen's representative. Its constitution made full provision for the protection of fundamental rights and freedoms, for the office of governor, for the composition and powers of the legislature, for cabinet government and for a separate citizenship as and when the status of association ended.

Grenada became an independent member of the Commonwealth in February 1974 with the Queen becoming the Queen of Grenada and the governor becoming governor-general as the Queen's representative in a constitutional monarchy. Under the new constitution of 1973 the governor-general assumed the role of the sovereign's representative, acting largely on the advice of the island's Prime Minister, with few prerogative powers left.

Had the 1973 constitution survived, the governor-general could have invited foreign troops into the island, but only so if advised by his Grenadian ministers or possibly if a vacuum of governmental power had occurred.

So long as the lawful government remained in power he would have had no right to take the initiative of restoring law and order in the island.

Any request to him or to the Queen to allow outside intervention would have had to be referred to the sovereign's ministers in Grenada. The governor-general could take no initiative himself.

On March 13, 1979, the Government of Sir Eric Gairy was overthrown by a People's Revolutionary Government under Mr Maurice Bishop, which promulgated certain People's Laws. One cynic at the time commented that these were "Episcopalian laws, inlaws, out-laws or ex-laws."

Mr Bishop, in declaring the Grenada revolution on the grounds that Sir Eric had violated and abused the democratic process under the guise of constitutionality, proclaimed that the Queen was to remain head of state and that her representative would continue to be the governor-general. The proclamation went on to state that he "shall perform such functions as the People's Revolutionary Government may from time to time advise."

The 1973 constitution was torn up, with the promise of a new constitution to be submitted for popular approval by referendum, although parts of the defunct constitution were specifically revived. Apart from a few, rather inconsequential powers of the governor in relation to appointments to public office, the governor-general was told to exercise his functions only on the advice of the new Cabinet, or of a minister acting under the general authority of the Cabinet.

The People's Law No 18 of 1979 repeated a constitutional provision that the Prime Minister should keep the governor-general informed about the general conduct of government and furnish him with any information on request. In practice, the governor-general was to be no more than a figurehead with only ostensibly the powers of a constitutional monarch.

When Mr Bishop and his close cabinet colleagues were kidnapped and killed, Sir Paul Scoon was powerless to act other than on his own initiative in a territory which still owed allegiance to the Queen as head of state.

The British Government had since 1974 no constitutional role to play in Grenada's political life, except as an interested partner among the members of the Commonwealth. The Queen, as Queen of Grenada, could not look to her ministers in the UK for advice, and in the absence of any advice from her ministers in Grenada she could only stand and watch what Sir Paul decided to do on his own.

It is doubtful whether, constitutionally, Sir Paul had any right to ask for intervention, either from the other countries in the Caribbean or from the U.S. Since the country has become chaotic and was subjected to military rule, Sir Paul in law ceased to be the sovereign's representative.

In practice he took the only action he could to spare his country from chaos and disaster. But legally he did so as Grenada's leading citizen and not in any constitutional capacity.

It appears that Buckingham Palace was kept informed of events up to the time of invasion by the American forces, but disavowed any involvement of the Queen in any decision by Sir Paul to invite other nations to intervene. Personal sympathy for the governor-general's predicament would have been the extent of the Queen's involvement.

Once the invasion had taken place, the last vestige of formal links between Grenada and the Crown was severed. While Sir Paul is now being asked to form a new administration for the island, his willingness to be involved is not as the Queen's representative but as the leading citizen of Grenada.

When constitutional government is restored to Grenada, it may be that the Queen will be asked to resume her role as Queen of Grenada.

But until that happens she will regard her erstwhile constitutional position as having ended, and with that ending goes also Sir Paul's previous role as her representative.

From the time in 1974 when Grenada ceased to have associated status and became independent, Sir Paul, as governor-general, was in no way answerable to Her Majesty's Government in the UK. Doubtless, though, during the recent troubles in Grenada the Foreign Office was concerned to cushion the embarrassing effect that the developing situation was having on the Queen as Queen of Grenada.

The Grenada affair has once again pointed up the anomalous position of some of the politically unstable countries within the Commonwealth which desire to retain the sovereign as their head of state. It is one thing to nurture the loose ties of membership of the Commonwealth; it is another for the Queen to be embroiled in the constitutional crises of Commonwealth members.

Justinian

THE ARTS

Art/Pollok Park, Glasgow

A collection worth waiting for

William Packer reviews the Burrell gift

It is now nearly 40 years since the Glasgow City Fathers, with a characteristic caution not unmixed with actual misgiving, accepted Sir William Burrell's offer of his extraordinary collection of works of art as an outright gift to the city of his birth. There were, of course, to be conditions, and Burrell himself, already well into his 80s, was not the easiest of men, all but impossible to persuade, and inflexible when crossed. He was determined that the collection, in all its richness and variety, should be kept together in an appropriate building, designed or converted for the purpose, in a rural setting removed from the atmospheric pollution of the City, but not so far as to be out of common reach. All this the City was to provide, as its part of the bargain; and bargain it most certanly was, the fruit of a long lifetime of assiduous and discriminating bargain-hunting, and at that time, early in 1944, with another 14 years of collecting and some of the juiciest items still to come, by no means fully ripe.

Such was the duty the City took upon itself, and we can see the difficulties well enough; but, even so, 40 years is a very long time, and the first response to the appearance at last of Sir William's collection, as a collection, in its handsome new and special home, can only be that it is hardly premature.

In his useful biographical study, "Burrell: Portrait of a Collector" (Richard Drew: £12.95 hardback, £6.95 paperback), the Keeper of the Collection, Richard Marks, makes the point unambiguously. "Tragically it was his greatest act of generosity . . . which soured the last years of his life and left him embittered as well as rather lonely. The source of the trouble was the finding of a suitable site . . ." Burrell died in 1958 with the matter still unresolved, though it was clear by then that his conditions were not immutable should a reasonable proposal be made. Five years later the Standing Commission on Museums and Art Galleries found that nothing had changed, and said so. "Nothing could be more obviously contrary to Sir William's intentions than the present deplorable situation."

Lord Rosse, the Chairman, put it more bluntly to the Daily Express: "This is a national scandal. It is the most severe lapse that we have discovered . . . Here we have this magnificent collection which has been languishing in packing cases for the past twenty years without anyone having the backbone to do something about it. . ."

Now at last things did begin to move, slowly. Almost immediately the Lord Provost suggested the Pollok Estate as suitable, but a firm decision could only wait upon the question of the eventual ownership of that Estate itself; and Mrs Maxwell Macdonald was not to give it, and its House, to Glasgow until 1967. An architectural competition was announced in 1968, the brief published in 1970, the winners (Gason, Meunier and Andresen) declared in 1972, the the money to build secured in 1976, the building begun in 1978 to be declared open by Her Majesty The Queen in late October 1983. Such is the fate that attends public benefaction in this country, and who is to say what we all might lose, may indeed unknowingly have already lost in unmade gifts, by the example.

To say as much is not to deny at all that Glasgow has at last done justice to Sir William's own generosity, the building a fine work of discreetly modern architecture, the three principal rooms from Hutton Castle, Burrell's Border estate, faithfully reproduced as required by the deed of gift, the several collections substantially on view, though by no means exhaustively so, handsomely and for the most part sensibly set out. Rather it is being so very well done that makes that long, grudging delay seem not so much unnecessary as bizarre. There are problems still, for the funding by the City to run the place is not now adequate to a full programme of exhibitions and is insidiously and variously inhibiting besides: which seems a pity after all that has gone before and we must hope for an early settlement. And, a word of warning, public transport has yet to come to terms with this wonderful new treat: Pollok is three miles from the centre of the city, taxis are cheerful but expensive, the Museum itself a longish walk from the main road, especially in the rain—go by car if you possibly can.

But at the end of it all there is the Collection and it is extraordinary. The final legacy amounted to some 8,000 objects of all kinds, from ceramics to architecture to paintings to sculpture to suits of armour to carpets and tapestries, stained glass and embroidery; and hardly any of it has been shown before, only the paintings kept on show at the admirable City Art Gallery and Museum at Kelvingrove and the items lent to special exhibitions by Burrell in his lifetime and by his trustees since, the rest packed up, crated and stored away.

The Rehearsal by Edgar Degas

It is one thing to collect within a narrow range of taste, interest and expertise, quite another to exercise the nicest judgement across so many cultures, periods and disciplines, to bring together what is effectively no personal miscellany but a collection without parallel in scope and quality outside our great national institutions. There are gaps, of course, and clear preferences, but overall the quality sustained within each special field is remarkably consistent, and astonishingly high. And yet Burrell was no academic manqué: his eye was quite untutored, his preferred source of experience and advice, what little of it he was ever prepared to take, the saleroom and the dealer's gallery rather than library or museum. At least the dealer, so he always felt within a comforting practicality, was always directly answerable through his pocket for any mistake.

He began his career as collector whilst still a boy, ending it only shortly before his death at 96, which gives it an active span of rather more than eighty years. Different things preoccupied him at different times, of course, but it would seem that medieval European art of all kinds always engaged him. Stained glass, panelling, ceilings, tapestries, furniture, even actual architectural features and fragments, all were indifferently, judiciously and advantageously acquired, and thus he furnished his rooms at Hutton with particular and prime examples, incorporating some of them even in the very fabric of the house. The three rooms reproduced consciously celebrate the practice, as elsewhere in the new building does the installation of medieval doors, arches, windows.

It is through just one such arch, from Hornby Castle by way of Randolph Hearst, that we enter the Collection proper, moving through to the primary displays of Egyptian, Greek, Roman and Chinese antiquities in the galleries that succeed each other open plan along the north flank of the building. At the far end, beyond the gothic sculpture, we come to the first of the paintings, and the magnificent Bellini Virgin and Child, a small painting on a vast wall, which serves also to deflect us at last into the internal galleries, the pictures first. And the pictures on show, I must say, are a little disappointing, expectation being so high, sound works but few that are truly exceptional: the exquisite Degas sketch of the girl with her field-glasses perhaps, the fine Hals of a gentleman (at £14,500 the most expensive thing Sir William ever bought), the Sisley Bell Tower, the Cézanne, the Chardin, the Bellini, the Géricault study of a horse in its stable, the wonderful early self-portrait by Rembrandt which by itself is worth the journey—as you can see, a fairly mediocre lot.

So it goes on—wonderful Persian ceramics, the stained glass, not perhaps the most successful of the displays, the French and Burgundian tapestries which are quite splendidly shown, as are the Persian carpets, the furniture passim, and all the glass and plate and silver. There are some mind-bending transitions to make from time to time, and something of the natural muddle inevitable in any general museum arrangement, but the space is light and easy, the display not over-copious, the visit not at all exhausting. It will be interesting to see how it all settles down, what re-arrangements and adjustments are made, for it would be hard to suppose that the ideal has been hit upon straight away: but it is a happy and convincing start.

January opening for Dallas museum

When Thomas Hoving, former director of the Metropolitan Museum of Art, recently compiled a list of the most notable 101 American art collectors for Connoisseur Magazine, only two of the names came from Dallas. But both of them, Algur Meadows and Margaret McDermott, were active in the Dallas Museum of Art and contributed to a project that wil result in the opening in January of a new $35m building for the museum.

Algur Meadows, number 33 on the Hoving list that begins with the Mellon Family and ends with J. Paul Getty, was for Dallas more than a benefactor. He was an inspiration, as attested to by the humiliation of being swindled in 44 purchases in a 55-painting Impressionist collection. Rather than return to the oilfields from which his money came, he invested, within a month of the revelation of the fakes in 1967, another $2m for 13 Spanish works he then donated to Southern Methodist University in Dallas. After his death in 1978, 38 contemporary and Impressionist paintings were donated to the Dallas Museum of Art, including works by Monet, Vuillard, Pissarro and Bonnard, showing that the collector had not hesitated to start over in the same field, but with better advice.

Meadows gave the wealthy of Dallas the courage to buy art when they might have had more money than taste. Having learned to swallow their pride in the early forays in the art world, Dallas collectors soon made art enough of a source of civic pride to let the bond issue for the new museum go to the voters with the slogan, "A great city deserves a great museum."

Though Algur Meadows made his money as the head of General American Oil Company, the wealthy of Dallas are not so beholden to oil as one would expect. Mrs McDermott, a former museum chairman, owes her wealth to the calculators and computers of Texas Instruments, a company her husband founded to provide measuring devices for oil exploration. Her Impressionist collection has already been given to the museum and provides one of the foundations on which the museum intends to grow.

Tours of the building include indications of where future wings will go, with acknowledgement that the present collection, 10,000 pieces strong needs augmenting, even in areas of strength. Steven Nash, the chief curator, says that strengths will be accentuated and weaknesses overlooked since "it is hard to build a decent department in medieval painting in this day and age."

Designed by Edward Larrabee Barnes the new structure is a handsome boxy limestone complex capped by a central arch. Inside and out, the arch provides a distinctive profile for the main gallery, a 40-foot chamber giving unparalleled distinction to the contemperary works of Frank Stella, Robert Rauschenberg and Claes Oldenburg meant for permanent exhibition there. The Oldenburg work, Stake Hitch, was commissioned for the site as a 16-foot, fire-engine red tent stake with a 20-inch thick rope suspended from the ceiling. Originally Oldenburg was going to put three giant nails sticking into the ceiling and visible from the outside disfiguring Barnes' arch, but more temperate heads prevailed, so that the stake goes into the floor and can be seen, by special arrangement, protruding under the museum loading platform in the cellar.

The new museum also gives the curatorial staff a permanent gallery for travelling shows. Dallas has been enthusiastic about visiting exhibits, a programme nurtured conscientiously by Harry Parker, the 43-year-old museum director, with surveys indicating, for instance, that the two-month El Greco exhibit earlier this year enhanced Dallas's economy by $9.7m, "a figure greater than the financial impact of the largest single convention held in Dallas in the past year." Visiting shows will be emphasised even more in the new museum, which will be hosting five in its first year, including the late paintings of Bonnard and Japanese artifacts exhibited as "The Shogun Age."

A year ago, the museum had a large show of American works held by Dallas collectors. The museum guaranteed the lenders anonymity, provided provenances for all the works, and gave their works the prestige of a show at a major American museum. The museum will not get all those works as donations, but it will get some and Steven Nash was "amazed at what we learned about the quality of works in private collections, right here in Dallas."

Already $25m in art has been promised or given to the museum since the new building was conceived. It was given Frederick Church's "Iceburg," the painting bought anonymously at auction four years ago for $2.5m. It holds Edward Hick's famous Peaceable Kingdom, a nineteenth century American naif work of lions lying with lambs, along with examples of Matisse, Modigliani and Rembrandt. Mr and Mrs George Charlton have given some exquisite oriental objects and the museum is rich in pre-Columbian pottery

FRANK LIPSIUS

John Ogdon/Elizabeth Hall

Dominic Gill

There were a few reminders during John Ogdon's recital on Sunday of the uncommonly gifted pianist we knew in the 1960s; but they were not powerful enough, or frequent enough, to sustain the illusion for very long. He chose a programme of savagely taxing virtuosity, opening with Beethoven's Hammerklavier sonata, and ending wtih seven of Liszt's Transcendental Etudes.

It cannot have been a wise choice. The best playing of the recital by far came in the slower, less physically demanding music; whenever the pace quickened, the performances threatened, and occasionally fulfilled their threat, to come seriously off the rails.

Ogdon took the first movement of the Hammerklavier slowly, with unusual deliberation: from what was later revealed it is probably lucky that he did, for there were no serious mishaps, though the effect was more *maestoso* than *allegro*, and the whole manner more studiously careful than supercharged. The great adagio slow movement was full of things which by the light of tradition and the composer's score are absolutely "wrong"—not least in matters of dynamic and pedalling—but it was, of its kind, an all uncommising, single-minded view.

Strong and lucid, genuinely affecting in its naked intensity, the finale was a heart-stopping switchback, alternating terrifying memory-lapses and loss of rhythmic control with sudden, unpredictable lightning-bolts of impressive command.

There is no surer recipe for disaster than to attempt to play Liszt's Transcendental Etudes in public without the foundation of an absolutely reliable transcendental technique. The very raison d'etre of the works is their virtuosity: fumbled from page to blurred page, as Ogden fumbled them, his foot glued to the sustaining pedal, they sound like nothing more than a sequence of embarrassing pianistic gaffes. It is sad to have to report as much; but it would be disservice, and a profound discourtesy, to an artist of such transparent and admirable integrity to pretend anything less than the truth.

The Old Vic reopens

Antony Thorncroft

The newly restored and modernised Old Vic theatre in south London opened again last night with a preview of *Blondel*, a new musical by Tim Rice and Stephen Oliver which has its official first night on November 9.

"Modernised" may be the wrong word for a building which has been refurbished, both outside and in, to its appearance in around 1880. It is now a picture book Victorian theatre, with restored boxes, light colours, and much silver and gold decoration. But the actual interior has been transformed to allow much better access and movement and more comfortable seating.

The rebuilding work was completed in 10 months by Kyle Stewart, working to designs by Renton Howard Wood Levin Partnership. The cost of £2m was paid by Mr "Honest Ed" Mirvish, a Canadian businessman who bought the theatre, site unseen, in August 1982 for £550,000.

As well as the Old Vic Mr Mirvish also owns a substantial site alongside the theatre which will be converted into restaurants, one of his main activities in his native Toronto, along with the five storey discount store which was the basis of his fortune.

Mr Mirvish also owns the Royal Alexandra Theatre in Toronto and he is adopting the marketing methods which has made this a success to the Old Vic. He is basically selling subscription seasons, offering theatre-goers discounts of up to 27 per cent if they buy a season ticket for all six shows in the package. All the productions will be bought in for six week seasons: the Old Vic will not initiate shows.

So far 6,500 have been sold through the scheme and purchasers will be seeing, as well as *Blondel*, Timothy West in *Master Class*, a Canadian version of *The Mikado*, *Saturday Night at the Palace* from the Market Theatre Company of Johannesburg, Albert Finney in *Serjeant Musgrave's Dance* and a revival of *The Boyfriend*.

London Philharmonic/Festival Hall

David Murray

Shostakovich's Eighth Symphony is a sombre, disturbing work, and yet we have had three different performances of it here in less than two months: by the Concertgebouw under Haitink at the Proms, by the Birmingham Symphony under the composer's son last week at the Barbican, and on Sunday with Gennadi Rozhdestvensky conducting the LPO. That doesn't sound like good commercial planning (and the house was not full on Sunday) but at least the comparison between Haitink's powerful reading and Rozhdestvensky's — I did not hear the Maxim Shostakovich account that Andrew Clements praised on this page—was fascinating.

Haitink was solid, calmly implacable, unshowy; the doubtful consolation of the Finale seemed utterly despairing. Rozhdestvensky aimed at higher drama, though the impact of the music was much more than theatrical. After the shrieking climaxes of the earlier movements, the slow Passacaglia was numb and shell-shocked (the feeling was perfectly suggested and sustained); something like wan hope stirred in the Finale, and the shimmer of the closing chord might not have been a will-o'-the-wisp.

Rozhdestvensky stamped every movement with specific character, where Haitink had seemed to let the music develop itself; since there was nothing forced about the one approach, nor unfeeling about the other, they could be admired in their own terms. The LPO played excellently for Rozhdestvensky, who secured a generally brighter, more aggressive sound; the "extra" instruments that Shostakovich uses so hard—piccolos, E-flat clarinet, cor anglais—were particularly highlit, all their solo passages vividly executed. Russian ears might well find this near-operatic attack more idiomatic.

Russians can take puzzling attitudes to Mozart, and the performance of Mozart's last C major Piano Concerto, K. 503, was a case in point. The soloist was Rozhdestvensky's wife, the enormously musical Victoria Postnikova—but oddly subdued and reticent for this bold, athletic work. Radio 3 listeners may have received a different impression, but in the hall it seemed non-commitally polite, the tempi heavy. Mozart's trumpets and drums made to seem almost out of character. Miss Postnikova used Alfred Schnittke's cadenza in the first movement, compounding puzzlement: too heftily ambitious for its role, it offers a grandiose quasi-development over sweeping Romantic arpeggios. The orchestra sounded discouraged; perhaps Shostakovich got all the rehearsal.

The British Library/Antony Thorncroft

The British Library is facing a serious conservation problem. More than a quarter of the Reference Division's annual budget is spent on binding and preservation, and yet with a collection of over 10m volumes, and new publications arriving every day, only a fraction can be treated.

Books do not have to be handled to deteriorate, as the disintegrating dummy spines on doors masquerading as cases show. Physical conditions in the Museum have never been ideal. The particularly large number of sad volumes in protective envelopes on the upper gallery of the Reading Room indicates the serious effect of a slight rise in temperature. Overcrowded books damage each other on the shelf, but those farmed out to other repositories can age 25 years in the journey to Great Russell Street if a reader needs them.

The move to St Pancras and a controlled environment will help to slow down the process, but what of the backlog? Of the important pre-1800 collections a quarter of a million volumes need attention. The bindery, staffed with experts who can exactly reproduce a 17th century headband and copy a decorative binding with the original tools, can hope to restore 12,000 items a year to their original condition. And books have become less durable; those printed since the introduction of wood-based paper in the mid-nineteenth century age much more quickly than early books.

The recently formed Preservation Service, headed by Dr David Clements, is attempting to find the most effective use for limited resources. Microfilming projects are of growing importance. Although also microfilming and photocopying damage the book, increasingly readers will find themselves consulting a copy rather than the original. An important development is the new "Book Scanner and Digitizer" which converts the contents into digital form without affecting the volume, and which should be in production by the end of the year.

Mr Nicholas Barker, deputy director of the Preservation Service, indicated the size of the problem when he said: "It is our responsibility to preserve not only the Gutenberg Bible, but also last week's *Honey*." What appears ephemeral and insignificant today may be very useful to tomorrow's social historian. Carlyle once complained in an article in the *Westminster Review* that a vast collection of material on the Civil War was not available to him because the "respectable Sub-librarian" (by which he rudely meant Panizzi) had not yet got round to cataloguing it.

Opera and Ballet

LONDON

Royal Opera, Covent Garden: the Royal Opera's second postwar production of Mussorgsky's Boris Godunov (original version) is produced by the Russian film director Valery Tarkovsky and conducted by Claudio Abbado, with Robert Lloyd in his first attempt at the title role, Gwynne Howell, Eva Randova, Mikhail Svetlev, and Philip Langridge

English National Opera, Coliseum: the new ENO Ring begins with Valkyrie, a home-team effort (David Pountney producing, Mark Elder conducting), sung by Anthony Raffell, Linda Esther Gray, Alberto Remedios and Josephine Barstow. Further performance of Monteverdi's Orfeo in David Freeman's love-or-hate-it production; Last of Rienzi, and unexpected hit in Nicholas Hytner's Nazi-dress version; and revival of The Tales of Hoffmann, a perennial Coliseum pleaser

Royal Opera, Covent Garden: The Royal Ballet brings in a new triple bill, and shows Makarova in A Month in the Country (Fri, Wed), and in Voluntaries (Thur). Manon is on show (Tue) with Merle Park, and Swan Lake (Sat)

PARIS

Mauricio Kagel: A musical epic about the Devil Théâtre de Chaillot, Salle Gemier (2278115)

Puccini's 'Madame Butterfly' conducted by Alain Lombard in a Teatro Communale de Florence production with Raina Kabaivanska/Helene Garetti as Madame Butterfly at the Paris Opera (2665022)

'Vive Offenbach' conducted by John Burdekin, produced by Robert Dhery at the Opéra Comique (2960611)

NEW YORK

Metropolitan Opera (Opera House): The sixth week of the centenary season features the first performance this year of Don Giovanni with James Morris in the title role, with Edda Moser as Donna Anna, conducted by Jeffrey Tate, along with La Bohème, La Traviata and La Forza del Destino. Lincoln Center (5609830)

New York City Opera (New York State Theatre): Tosca, Turandot, Madama Butterfly, Carmen, Candide, and Les Pecheurs de Perles. Lincoln Center (8705570)

The Student Prince (Light Opera of Manhattan): William Mount Burke's production turns Sigmund Romberg's Heidelberg into a lively background for Prince Karl's tuneful love of Kathie. (Ends Nov 20)

BRUSSELS

'La Passion de Gilles': Philip Boesmans's new opera, conductor Pierre Bartolomee with Peter Gottlieb and Carole Farley as Gilles de Rais and Joan of Arc. Théâtre Royale de la Monnaie (Sun)

Lucia di Lammermoor/Geneva

Andrew Clark

The opening production of the season at the Grand Theatre in Geneva is *Lucia di Lammermoor*, in a staging that first saw life in March at La Scala, Milan. With one exception – Lajos Miller's coarse-sounding Enrico – Geneva has assembled a new cast, but the evening breathes the same unfulfilled air as before.

It would have taken an exceptional Lucia to lend the production real distinction. June Anderson is certainly very good. She is young, fresh-looking; there is not an ugly, shrill or unnatural sound; indeed she has the ideal vocal combination of purity, directness and tenderness for *Regnava nel silenzio* and her Act II sorrows, as well as the kind of unforced agility that leaves vocal colour intact during the exhibition passages.

But there is something missing. She shows little dramatic contrast or development in her use of gesture and voice between Acts I und III; her sobs are too obviously artificial; her Mad Scene left me unmoved. The perfect Gilda, perhaps, but not the warmth, emotion and passion for Lucia.

These are precisely the qualities that threw Peter Dvorsky's Edgardo into sharper relief with each succeeding scene. Without doubt he is international-class – the voice may be a little small, but it has a piercing edge, a ringing top and an appropriate lyrical quality for the duets. These and the larger concerted passages – including a highly cultivated Act II closing tableau – were the evening's principal points of distinction.

The rest was extremely erratic. As in Milan, the quality of secondary casting was weak, and the Geneva chorus leaves much room for improvement. In the pit, Nello Santi was full of bustle and precise technical direction as usual, but – in common with his Rossini *Barbiere*, which ended the season here in June – the results are inconsistent. In spite of some graceful string accompaniments and wind solos, the general orchestral response is flabby and sluggish, and the theatre's dry acoustic lays bare the orchestra's balance and ensemble problems in such a long, slim pit.

The staging itself is one of Pier Luigi Pizzi's least successful creations. By juxtaposing a series of huge velvet green pillars on a steeply raked stage, he has pared down the decor in an attempt to create visual economy and atmosphere, but it ends up inhabiting a monotonous world somewhere between a monastery, a mausoleum and an outsize pool table. The brooding, barren gloom of the highlands is its most suggestive aspect, coupled with authentic tartans, bonnets and an approximation of the highland fling and sword dance during the wedding-night merrymaking (though for some mysterious reason, Enrico wears a sporran only in Act II). Chorus movement is studied and scarce.

Geneva improved on La Scala's effort in giving the opera uncut.

The Act II scene between Lucia and Raimondo, and the Wolf's Crag scene at the start of Act III do not add uncomfortably to the evening's length; they contain lovely music, and both scenes enrich the dramatic cohesion and continuity of the opera. There is no excuse today for omitting them.

Pack of Lies/Lyric

Michael Coveney

Remember Gordon Lonsdale and the Portland spy ring? Ah yes, it goes to show that there was hot stuff in the newspapers before the Profumo affair. A little street in Ruislip became the unlikely nerve centre of intelligence operations in the autumn of 1960, as surveillance agents installed themselves in the front bedroom of an ordinary suburban couple to watch Lonsdale coming and going on his weekend visits to the Krogers across the way.

Hugh Whitemore is an accomplished television writer and his first stage play, *Stevie*, about the Palmers Green oracle Stevie Smith, fashioned a compelling drama from an exact observance of suburban minutiae. In *Pack of Lies*, he has hit on excellent material to consolidate his stage reputation.

The Jacksons — in real life they were the parents of journalist Gay Search — inhabit a set by Ralph Koltai that is a muffled riot of period kitsch, from its pebble-dashed exterior wall to the cheap kitchen furniture butting on to the statutary three-piece suite, standard lamp and leatherette pouf of the living room.

Using the device of direct spotlight address to fleck the domestic action, Mr Whitemore has put together an insinuating piece which hardly raises its voice but succeeds in conveying the pain of betrayal. Not the betrayal of their adopted country by the Krogers, but the betrayal by Mrs Jackson of a friend's trust.

From the moment Richard Vernon's calm and silky civil servant crosses the humble threshold with inappropriate references to the family silver, the Jacksons are subjected, in the mildest way of course, to a thumb-screw treatment appealing to their decency and patriotism. The agony is all Mrs Jackson's, and she is superbly portrayed by Judi Dench as a nervous, lurking shadow behind net curtains whose life is turned upside down by her unwitting choice of friends.

Mr Jackson, in Michael Williams's beautifully judged account of a little man caught uneasily between attitudes of accommodating subservience and anxious optimism, survives the crisis, as does the O-level swotting daughter (Eva Griffith) despite a final outburst.

Mrs Jackson died of a heart attack shortly after the Krogers received prison sentences of 20 years (they were released after eight years and, in 1969, disappeared to Poland).

There are neatly exploding references to Gilbert Harding; to the fate of the Rosenbergs, the 1950s' atom spies (in a short blitz of a memo from Mrs Kroger); and to the research programme at Portland.

Visual texture is supplied by Mr Vernon's shortie overcoat, the brown Bakelite wireless, the shoulder-high door handles.

It is all carefully, artfully, managed. Watch, for instance, how the Kroger bonhomie is chillingly shattered as Barbara Leigh-Hunt senses something odd at last in Miss Dench's bottled, snivelling farewells; and how a Christmas party is just about saved from disaster by Mr Kroger's (Larry Hoodekoff) urgent interruption of his wife's tipsily unleased family anecdote.

Miss Dench has rarely done anything so tight or so moving.

Her one good friend is the cause of a dead weight on her stomach, and the floppy, carpet-slippered housewife becomes the receptacle of unmanageable anguish. The pattern on the wallpaper is finally tragic. This is a most remarkable evening: decent in sentiment and, in Clifford Williams's adroit production, powerfully and surprisingly substantial.

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New chance for Argentina

THE RESULTS of Argentina's elections represent a heartening return to the democratic process. The convincing majority obtained by Sr Raul Alfonsin's Radical Party is the best possible outcome both for Argentina and the international community.

Argentina now has a fair chance of establishing a solidly-backed elected government to deal with the enormous political and economic problems resulting from seven years of incompetent military rule. A demoralised nation has the chance to recover national pride sorely bruised by the disastrous Falklands venture. Abroad Argentina can now begin to refurbish its image, tarnished by abuse of human rights and the accumulation of a huge foreign debt.

The election campaign in its closing stages boiled down to a contest between the Radicals and the Peronists. The Peronists traded almost exclusively on a nostalgic evocation of the mystique of the late General Peron's populism. While Argentines' affection for Peron's peculiar brand of nationalist socialism retained an emotional appeal, his latter-day heirs lacked charisma and internal unity.

The party fielded a dull compromise candidate, Sr Italo Luder, who could not paper over the Peronists' deep divisions. Many potential supporters were frightened away by the party's endorsement of authoritarianism, its record of collaboration with the military and the more thuggish elements that ran much of the administrative machinery, especially the powerful trades union apparatus.

Personality

Presenting himself on a moderate social democratic platform, Sr Alfonsin accurately gauged that Argentines had matured beyond such a primitive form of party. In the end it was less the policies proposed by Sr Alfonsin and more his own personality as an honest politician untainted by military rule, committed to a pluralist parliamentary system, that won the day.

Sr Alfonsin weaned away some Peronist trades union suport and showed that the Peronists no longer enjoyed a monopoly as the champions of social justice. This was a considerable achievement because he started out the campaign heading a party that was labelled too middle-class. In the difficult task ahead, this, coupled with Sr Alfonsin's personal triumph, should provide an important element of stability.

On paper the Peronists still represent a strong opposition force. If they ally with the armed forces, they could destabilise the democratic process now about to be established. They still have to live down a record for violence. However, the party has been rudely shaken. It will take time to adjust to the shock of no longer being the dominant force in politics after almost 40 years. The Peronists therefore bear a big responsibility in respecting the results of the polls.

The key to the immediate future will be whether or not Sr Alfonsin succeeds in establishing the spirit of national reconciliation that he is advocating. The very size of his victory enables him to be magnanimous, and removes some of the uncertainties that surround the transition of at least a month before the military hand over power.

For the military the message has been unambiguous: they should return to their barracks. Since the Falklands war they have lost the stomach for government even though they still regard themselves as self-appointed guardians of the nation's destiny. Sr Alfonsin faces an uncomfortable confrontation with the military in dealing with human rights abuses and investigations into corruption.

Foreign debt

The other immediate problem is getting to grips with Argentina's inflation and the negotiations on $39bn foreign debt. Here he is going to need the support of the Peronist-controlled trades unions in carrying out unpopular economic measures. Union opposition may prove weaker than anticipated because of disaffection among rank-and-file members with the leadership. Trades union reform is itself a major priority for the Radicals.

On the Falklands, Sr Alfonsin is going to be tough and nationalistic. But of all Argentine politicians he was the one who publicly disowned the invasion and is on record as wanting to sit round the negotiating table with Britain. The advent of Sr Alfonsin to the presidency should be noted in Downing Street as a positive change which one day could let Britain off the burden of its fortress Falklands policy.

More generally the history and outcome of these Argentine elections are a lesson to Latin America, where the military all too often have sought to interfere in government. The results are likely to have repercussions well beyond Argentina's frontiers.

Dual key is not the issue

THE DEBATE in the House of Commons yesterday on the deployment of cruise missiles in Britain was in many ways a re-run of last week's discussions on Grenada. The same two broad themes emerged. One is that Britain is a member of an alliance. The other is that it retains a certain amount of national independence. The fundamental question is how the two can be reconciled—the obligations which go with alliance membership and the desire to preserve national sovereignty. It becomes even harder to answer when, as in the case of Grenada, allies fall out.

The particular issue debated yesterday was not so much whether the missiles should be deployed but whether or not there should be a dual key system of control. Such a system would mean that the Americans would be physically unable to unleash the rockets without the express consent of the British Government.

It is surprising that there should be the slightest doubt about the answer. In the circumstances where the firing of the missiles might become a possibility, there woul dalready have been extensive consultations between Britain and the U.S. and the rest of the alliance. If thoe circumstances were ever to arise, the idea of pausing for a debate i nthe House of Commons or for the holding of a couple of opinion plls to tell the pliticians what to think, is ludicrous in the extreme. That fact may be unpleasant, but it is part of the wider fact of reliance on nuclear weapons. The dual key debate is an irrelevance.

Questions

There are, however, other questions. Mr Michael Heletine, the Defence Secretary, rightly castigated Mr Denis Healey, the shadow spokesman, yesterday for having "all the intellect, all the experience and none of the integrity needed for his job." Over this issue and over Grenada Mr Healey has been devastating, though without having a single constructive proposal of his own. Yet there appeared to be neither intellect nor experince among the Tory back benchers who pooh-poohed his criticisms of the cruise missile as a weapons system and his crtique of thc theory of nuclear escalation, which he said may have been devised by medieval schoolmen.

Mr Heseltine let himself down with the following statement: "If we are to impose physical control on American weapons now with all the political undertones that implies, in order to mett British opinion, what possible argument is there to American public opinion that they should provide us with the absolute freedom to use the British independent nuclear deterrent without a dual key system?" It is a novel and disturbing argument fcr accepting American cruise missiles, that they help to preserve the independence of the British nuclear force.

There are two possible justifications for the deployment of cruise missiles and Pershing 2s in western Europe. One is simply that they are replacing old and less accurate systems. The other is that they are in response to a relentless arms build-up by the Soviet Union.

Both justifications, however, have to be seen in the context of the need for arms control and of the need to preserve the Atlantic Alliance. If either of those aims is lost sight of, it will not be surprising if public opinion begins further to doubt the wisdom of relying on nuclear weapons for defence.

It should still be possible to maintain a strategic balance of power between the U.S. and the Soviet Union. The possession of independent nuclear forces, like the British, complicates the matter, which is why we have long queried the decision to buy Trident. But the issue that is really at stake is whether Europe still thinks it can rely on the U.S. We think it can, though the events of the past few days have shown the need for greater consultations within the alliance. The British Government's determination to stick to its own nuclear defences should the alliance fail is hardly an act of faith.

UNITARY TAXATION

Mr Reagan's taxing problem

By David Freud and Christian Tyler

MULTINATIONAL companies round the world are now mustering their forces to try to kill off a system of taxation that has spread rapidly through the individual U.S. states in recent years.

U.S. companies have been complaining about the system—known as unitary taxation—for decades. The U.S. Federal authorities have in the past tried to outlaw it, and failed. Now foreign multinationals and even governments are pressing for it to be banned.

In Florida, which had planned to introduce the system, there are signs this week that this pressure may be causing the state to think again. More than 100 businessmen have now written to the Governor saying that they will drop plans to build plants in the state if the unitary tax system goes ahead.

Under unitary taxation, a U.S. state can levy tax on a proportion of a company's worldwide income. The proportion depends on how much of the company's operations is estimated, by the state, to be in its territory.

Different rules used by the states to reach the relevant proportions mean that companies find themselves likely to be taxed on well over 100 per cent of their income. If the method were to spread both within and beyond the U.S., the multinational structure could become uncompetitive in business terms.

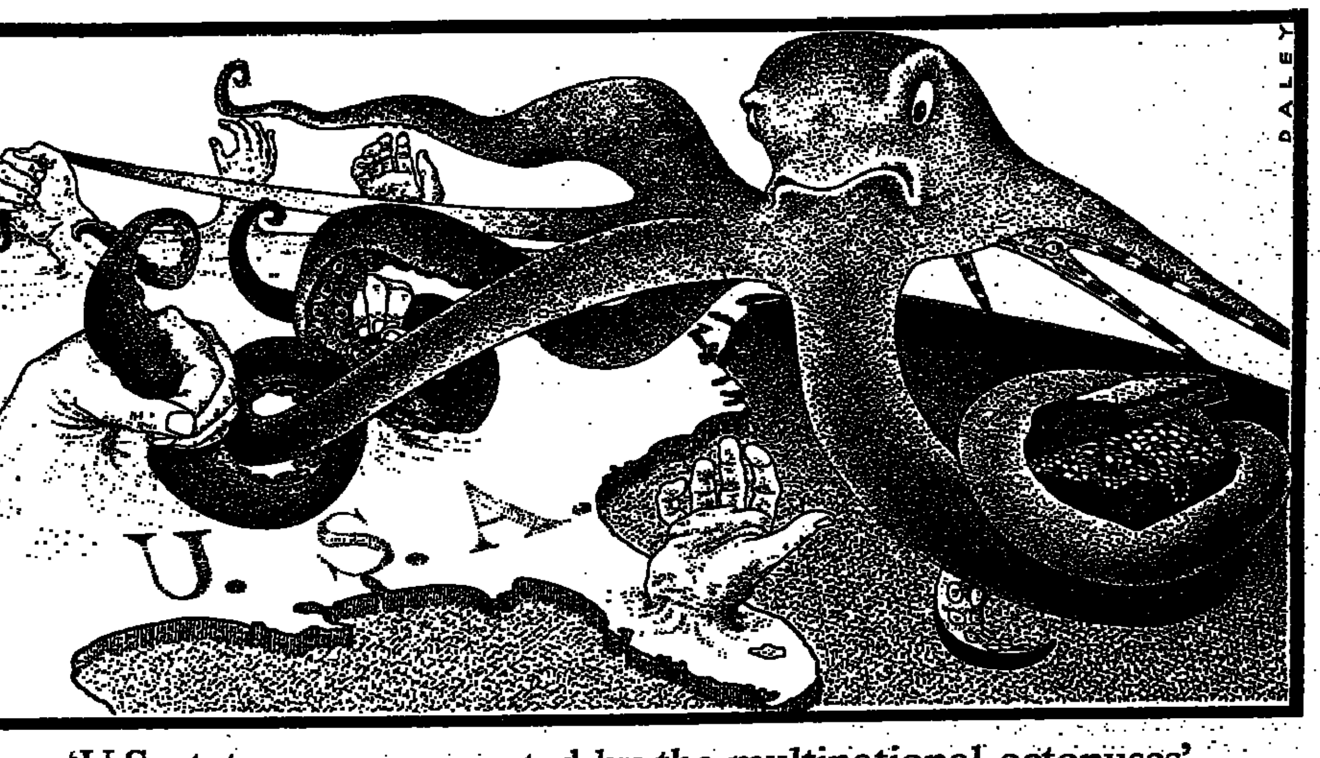
Five years ago only three states, led by California, actively used the system; now there are 13 operating, or planning to operate it. Already concern is growing that countries like Nigeria and India could be attracted to the method.

Until recently, multinationals have been mainly exerting pressure by making well-publicised statements of their refusal to contemplate investing in a unitary tax state. Some manufacturing operations have even been closed down overtly for this reason. Indeed, New York has decided to drop the system because of its negative impact on new investment. But such pressure seems to have made little impact on other states, which have placed a higher priority on the short-term revenue-boosting benefits.

So the focus of the campaign has switched to the Federal level. Foreign companies and governments are linking up with domestic concerns to put pressure on President Reagan to introduce legislation to curb the practice.

The furore over unitary taxation is not without its ironies. Not the least of them is that the company that has been leading the foreign protests, British American Tobacco, has actually benefited from the system. Because its Californian profits were higher than the relevant proportion of its worldwide income, the company admits it has saved "several thousands of dollars" by having its subsidiary there classed as "unitary."

The catch—which reveals how the dice are loaded in favour of the states in this method—is that California now says it made a mistake in calling BAT a unitary company and is claiming back taxes on the conventional assessment basis. BAT's concern at the way the unitary system has proliferated is the reason it pays a firm of Washington lobbyists about £100,000 a year on behalf of a British pressure group.



'U.S. states are exasperated by the multinational octopuses'

For President Reagan the row must appear less an irony than a cruel dilemma. On the one hand he derives substantial political backing from some of the big U.S. companies which have been hit by the tax method. On the other, he obtained considerable impetus for his presidential victory in 1980 from a wave of tax protest movements which succeeded in squeezing many states' revenue-raising powers.

Last year's New Federalism programme, launched by the President with a grand fanfare as a boost to state powers, also increased the financial pressure on the states by transferring Federal spending obligations to them.

Indeed, several states have responded by turning to unitary taxation of companies as the easiest short-term route to meet the shortfall. If the President steps in to curb them, he risks cutting the roots of his own political support.

Last month the President attempted to defuse the row by setting up a working party to investigate the whole problem again. In this way he rejected the unanimous advice of his Cabinet Council on Economic Affairs to support legislation in Congress aimed at curbing the use of unitary taxation.

Nor did he accept a recommendation from the working party that the Federal authorities back a U.S. company—Container Corporation—in its efforts to persuade the Supreme Court to reconsider a recent milestone verdict in favour of the principle of unitary tax. Not surprisingly, a British business delegation that had flown post-haste to Washington to argue the need for Federal action, returned home bitterly disappointed.

Following the rebuff, the rhetoric among foreign companies has been stepped up a notch. Plans are afoot for European chambers of commerce to combine in exerting pressure on their governments to retaliate against targets such as U.S. businesses operating in Europe.

Indeed, a retaliatory move of this kind has already been tried by the British pressure group, The Unitary Tax Campaign, which put forward a clause for the 1983 Finance Act denying credits on advance corporation tax to U.S. companies operating in Britain whose headquarters are in unitary tax states.

But such threats look hollow in the context of the political cauldron of states' rights, into which the unitary tax issue has fallen. No president seeking re-election would want to fall foul of the states in this delicate constitutional area. And as well as their natural concern to defend their taxing rights, the states' tough approach to multinationals—both American and foreign—has been fuelled by suspicion.

The motives of the U.S. states in switching to unitary tax are far from being purely financial. The system is simpler for them to operate and makes it easier to check what a company's tax bills should be. The switch has been fuelled by a growing exasperation at the apparent ease with which the multinational octopuses have been able to run rings round local tax authorities.

Over the last decade the use of tax havens by international companies has soared, as companies have switched profits and cash to subsidiaries specifically set up for the purpose in countries offering low tax regimes.

One traditional way in which multinationals have switched profits round the world to take advantage of favourable tax regimes has been by manipulating transfer prices. Companies in different countries—or states—under the umbrella of the same multinational can trade with each other at prices which leave profits in the most convenient location for tax purposes. The tax authorities' way of countering this—by insisting that prices are fixed as if the subsidiaries are completely independent—has not been very effective.

Naturally, multinationals hardly welcome a new system of taxation that reduces their room for manoeuvre on this front. But their detestation of the system is much more firmly rooted than this. The compliance costs are high, although presumably these would come down once the necessary acounting systems had been installed. More important is the inherently arbitrary nature of the tax; it makes little sense for a profit-related tax to be imposed on a company operation that might, for instance, be loss-making.

Moreover, each state is free to choose a formula that is biased in its own favour—and invariably does. This inevitably swells the global tax charge that multinationals face.

Among the variations on the California formula (see box) is that applied by Florida, where payroll and assets each count for 25 per cent of the weighting, and sales for 50 per cent. West Virginia counts only payroll and assets while Iowa uses only sales in its formula.

Since the courts have thus far given the states the right to use any "reasonable" method of apportionment and have not even defined what a "unitary business" is, states can pick and choose which corporate affiliates to tax in a manner most profitable to them.

While New York, now planning to drop the method, has applied the worldwide combined reporting system only to oil companies, Alaska has used it for all corporations but oil companies.

Multinationals want unitary taxation limited, at least so that only their U.S. operations are subject to it. They say it is not just a matter of reducing their tax burden, but of removing an obstacle to further *direct* investment in the U.S. Some have even threatened to cancel projects. Britain, with some $23bn worth of U.S. assets, is the biggest investor. Holland has a big interest through Shell, Unilever and Philips. Japan and Canada are also prominent in the campaign.

Mr Akio Morita, Sony's chairman, wrote to Mr George Shultz, the U.S. Secretary of State, this summer to say he regarded unitary tax as "grossly inequitable," and that unless the Administration acted "investment and trade relationships will be seriously and adversely affected."

Mr Morita has also declared that Sony was obliged to halt further investment in its San Diego television plant, had ruled out California as a site for a videotape factory, and had put its magnetic tape factory in Alabama mainly because Alabama was not a unitary tax state.

However, any threats of taxation retaliation against U.S. companies could back fire. A UK law to introduce such measures would breach the non-discrimination clause in the U.S.-U. Double Tax Treaty of 1980. The Federal authorities, with whom the treaty has been signed, have not been discriminating against UK companies. So retaliatory moves by the UK Government would give the U.S. every justification for then declaring the treaty null and void. According to senior Inland Revenue officials, the repercussions of this for British companies would be little short of disastrous.

The U.S. Internal Revenue Service has a proven reputation as the toughest taxing authority in the world. On many occasions the Inland Revenue has had to come to the support of UK companies in dispute with the IRS, quoting the treaty in order to extricate them.

UK multinationals well understand how exposed they would be without that protection. And they would, of course, find themselves paying tax twice in some circumstances—precisely the thing they are now complaining about.

Since U.S.-UK trade flows are the biggest after those between the U.S. and Canada, the consequences of a rupture are almost unthinkable. So the threat of retaliation looks pretty empty—and Washington knows that only too well.

HOW THE SYSTEM WORKS

UNDER "UNITARY" TAX, a company's worldwide activities are treated as a single "unit." If a state considers a company to be unitary, it makes an assessment based on worldwide income using a formula to decide what proportion of the income it is entitled to. This approach contrasts sharply with the traditional method under which companies are taxed only on the actual profits earned by their operations within the borders of a particular state.

The formula for deciding on the relevant proportions varies from state to state. In California the formula is based on three ratios: of Californian turnover to worldwide turnover, Californian assets to world-wide assets and Californian payroll to worldwide payroll. The average of these three ratios is the proportion of a company's worldwide income which is then subject to Californian tax.

The unitary system was designed in 1926 to apportion the profits of railways which crossed state lines. Subsequently it was applied to companies whose operations were less integrated, and the expansion of U.S. business interests abroad brought these activities into the global formula. In the last decade or so, foreign multinationals with establishments in states like California have also been dragged into the net.

Men & Matters

Bide a while

At precisely 11.30 am yesterday, chairman Sir Austin Bide opened an extraordinary general meeting of BL. At 11.36, one shareholder arriving late from the sticks was looking distinctly miffed. Bide had just closed the meeting.

Force of habit tends to link the letters BL and EGM with others spelling drama — which is perhaps why nearly 50 private shareholders turned up.

But in this case, BL was simply getting rid of a technicality to unlock the last of its promised funds from the Government, its reluctant but 99.7 per cent owner. And, wisely, the other 60,000 private holders stayed at home.

The meeting formally approved a resolution under which BL can issue £200m worth of shares to the Government at the 50p par or prevailing market price, whichever is higher.

Under a 1981 resolution, the Government was prevented from taking up more equity in the then unlikely event of the shares trading above par. Thanks to Metro and Maestro, they yesterday stood at 63p.

So BL is about to get its last public contribution of £200m to put towards the cost of its new Jaguar, the XX executive car — and presumably the £750 rent of the Cafe Royal's Louis suite for a few minutes.

Short answer

Employees of Norway's largest industrial group, Norsk Hydro, have started a whip-round to pay a £20,000 fine imposed on the company by the Norwegian Employers' Association.

Not that Hydro is short of a krone or two, as crane operator Eigil Johannessen says, but as "a gesture of support and gratitude." For Hydro has been fined because it agreed to cut its blue collar workers' 40-hour week to the 37.5 hours worked by its white collar staff—without reducing pay.

NAF says it has imposed the largest fine allowed under its rules because Hydro's move breaks the hours and wages agreement between the association and the trade unions' federation.

But NAF would have liked to keep the concession of shorter hours as a card to play during the next wage bargaining round, in the spring.

Johannessen, who started passing the hat around for Hydro at one of its plants in eastern Norway, hopes all the group's factories will contribute. "The fine must not frighten other companies from doing the same thing," he says.

It does not seem to be doing so—some smaller companies have already followed Hydro's example.

Chemical formula

When Walt Shipley took over as chairman and chief executive of Chemical Bank last month, the bank decided to duck the question of who should be his number two by appointing not one but three presidents.

This avoided hurting the feelings of anyone in the newly-promoted management team. But it did raise another question about what the bank's two vice-chairmen, Dick Leblond and Bill Carson, were supposed to be doing. Both men have been at the top of the bank for a long time.

This week 54-year-old Carson is quietly moving out to W. M. Sword, a low-profile Princeton investment banking firm, set up in 1975 by Bill Sword, a former senior partner of Morgan Stanley.

Carson, who studied Arabic at Oxford before going into banking, stresses that Chemical's recent reshuffle had nothing to do with his move. He had made up his mind last winter that he wanted a change and has for some time been hankering for a more entrepreneurial occupation.

As one of the 10 partners at Sword he will specialise in international corporate finance but will be asked to lend a hand to anything and everything.

Carson's departure from Chemical will reduce the tricky equation of who will eventually emerge as Shipley's deputy. Leblond has only a year or two to go to retirement, so that brings us back to the three presidents: Bob Callender, head of world banking, Tom Johnson, who manages the group's treasury, or Bob Lipp, who has master-minded the group's so far successful foray into electronic banking.

Carson's own conclusion is that there is little need for a single president. As the bank has become a more diverse financial services organisation, its senior management is being increasingly modelled along the lines of a German vorstand or a Swiss bank's committee of roughly equal general managers.

Brown study

Now, over to Cairo for an object lesson in how to stimulate a flagging domestic trade.

All over the Egyptian capital, shop shutters in the past few days have been freshly painted in an unusual shade of dark brown. Shop-owners had been told that they faced possible fines and a two-month shutdown unless they browned their shutters by today.

The order turns out to have been a hoax—begun, police suspect, by paint manufacturers trying to get rid of stocks of unpopular brown paint.

A district commissioner of Cairo's Islamic quarter seems to have helped the hoax along by agreeing with merchants that the colour would tone in most suitably with Islamic relics in his district.

Despite Government denials that any order had been issued, painters have been working overtime to cope with the sudden demand for their services.

Ladders were rented at five times the normal rate—and it is now hard to buy a tin of brown paint anywhere in the city.

Civil action

Having dragged Ireland's bureaucrats out of their traditional anonymity, public service minister John Boland seems to be doing his best to ensure there is no relapse.

First he ordered civil servants to sign official letters with their own names and wear identification badges when dealing with the public.

Now he has taken steps to discourage them for running for cover in other offices by banning payments of "disturbance money" previously made for such transfers.

The civil service which, typically, had a precise scale of payments ranging from Ir£200 for a move of less than a mile to over Ir£600 for shifting more than five miles, is said to be "deeply disturbed" by Boland's move.

Mouthful

My thanks to New Yorker magazine for this vivid extract from the U.S. Congressional Record:

"With at least $263bn already obligated to be spent by Congress over the next 40 years on public housing, we have dug a deep trench by obviously biting off more than we can chew."

Observer

Letters to the Editor

Throwing the baby out with the industrial bathwater

From Mr Austin Mitchell, MP

Sir,—The critics of my rebuttal of the Law of One Price (October 11) have both got it wrong.

Mr Cyril Smith confuses nominal and real exchange rates. By quoting figures only for the Dollar and the Yen he misrepresents the increase in the nominal rate. The appreciation of Sterling against the Deutsche Mark between March and October was four times the government's norm for pay increases this year even though we are running a deficit of over £5bn in trade in manufactures with Germany. This is indeed insane. The responsibility for crippling British industry in this way lies entirely with the government.

Mr Wolf Jejune's homily on prices has little, if anything, to do with the theory of wages and prices used by the international monetarists to justify the present policy of throwing the industrial baby out with the inflationary bathwater.

I find it equally difficult to accept that the Director of Studies of a body calling itself the Trade Policy Research Centre really believes that British industry is being "crowded out" by the refusal of organised labour to permit it to earn an internationally competitive real rate of return. It is being killed by exchange and interest rates and the imposition of a discipline which means that the optimism necessary to fuel investment is lacking. It is possible to create a spiral of decline as well as a process of continuous causation and both bely the Law of One Price.

I therefore make no apology for giving Mr Wolf the rough edge of my tongue. The four million who have lost their jobs as a result of political prejudice dressed up as economic theory would expect no less. Our rulers have weakened the nation politically by destroying it economically. We no longer count because we have failed and only oil hides the consequences of that failure.

All this has been done to re-establish what the perpetrators describe euphemistically as "Victorian values." They want a discipline and have imposed it through depression and unemployment without realising that this kills hope, and investment with it, leaving an industry whose highest ambition is to survive and not now to expand and compete for markets where our competitors are still doing well selling what we once made. The number of *long-term unemployed is now* three times higher than the inter-war peak. It will rise to five times under this government. That is a crime against humanity and against Britain. Life without hope, jobs or prospects is living death.

Austin Mitchell.
House of Commons. SW1.

Home is where you name it

From Mr R. J. Pearce

Sir,—As a former resident of Crosby, Lancs, now living in what used to be Warwickshire, I wonder if I can look at the metropolitan counties issue from a new angle. I have been following with great interest the arguments for and against the abolition of these counties and the GLC and your survey today (October 28) was particularly helpful. However, all the views so far expressed seem to be politically or economically motivated and I wonder if I can put the historical will of the people point of view.

This was best shown in your survey when the desire of the people of the Wirral to return nominally to Cheshire, whence they came in 1974, was stated. When I visited the British cemetery in Corfu earlier this year I saw the grave of a sailor killed in the last war, from Wallasey, Cheshire. Did the 1974 reformers have no sense of history? Do the residents of Southport feel they are no longer part of Lancashire? I doubt it!

Looking now at the West Midlands county which we are told spends £450m per annum, can someone please tell me why Birmingham, with an income greater than some Third World countries, needs a layer of administration above it.

In Test Match Special on Radio 3 this summer Don Mosey eloquently made the point that residents of the former Ridings of Yorkshire wished to return to the way the boundaries were pre-1974 and—horror of horrors—he told us that some villages had been "moved" from Yorkshire to Lancashire. One of them actually tried to borrow the Yorkshire County Cricket Club flag to fly on their village green to prove to the world that they were still in Yorkshire despite what the new maps said.

The whole concept of altering the English county was wrong and showed a complete lack of understanding of the historical fabric of the country, and without making a political point it was the Conservatives who created these Labour-dominated artificial so-called counties—let them now abolish them!

R. J. Pearce.
5, Marlborough Road,
Castle Bromwich, Birmingham.

Election by 'vote ranking'

From Mr David Townsend

Sir,—I am in agreement with Bernard Murphy (October 19) that in order to achieve fair parliamentary representation there is no need to depart from the principle of one man, one vote, by complicated schemes that do not guarantee true proportional representation. The PR system he advocates does, however, require the adoption of large multi-member constituencies — which has obvious drawbacks.

I would therefore go one step further than Mr Murphy and *suggest that it is in fact quite* unnecessary to amend our existing constituency boundaries or voting procedures at all to achieve a workable PR system. We simply need to shed the "first past the post" principle and develop a rational alternative for assessing electoral results which will ensure that parliamentary seats are allocated proportionately to the votes cast for particular parties.

My suggestion which, as far as I am aware, has not so far been mooted publicly, I shall call "vote ranking" or VR. It is based on the principle that where the candidate with the highest number of votes in a constituency has failed to secure a majority over all the other candidates, he shall *not* be assumed to have been automatically elected.

In these circumstances, where the result makes it inevitable that the constituency will be represented by a person who is not the choice of the majority, the leading vote-winner shall only become the elected MP where his election is compatible with a *parliamentary* composition which fairly reflects the national voting pattern.

Under VR the procedure would work as follows:

Voting procedures and electoral boundaries would remain as at present;

All candidates achieving 50 per cent or more of the constituency vote would be automatically elected to parliament;

All parties polling over 5 per cent of the national vote would be allocated a total number of parliamentary seats in strict proportion to the total votes cast for them. The allocable seats would be arrived at after deducting those won outright by candidates of parties which did not reach the 5 per cent national threshold;

The "minority" constituency vote leaders of parties which had more "first past the post winners" in theory than it was permitted to have according to its total proportional allocation, would be required to rank the minority vote leaders in descending order of seat entitlement. This would be computed by reference to the percentage share of the constituency vote achieved, that is, 49.9 per cent, 49.8 per cent, 35.2 per cent, etc;

The remaining allocation of seats, in addition to those won outright (with 50 per cent of the constituency vote), would be allocated according to the ranking;

Those constituency vote leaders eliminated from the lower end of the ranking table would be required to make way for the election of a candidate from another party which had less *constituency vote leaders* than allocation of PR seats.

Once the principle is accepted that, in the interests of national fairness, it is not unreasonable for a constituency to be represented by a candidate who has achieved only, say, 31 per cent of the vote in preference to one who has gained, say, 39 per cent, the VR proposal can be seen to have advantages when compared with the PR alternatives currently being discussed.

In particular, a VR system would not entail a massive and costly exercise to redefine boundaries, the re-organisation of voting practices, and the problem of conducting by-elections implicit in PR systems which require large multi-member constituencies.

David Townsend.
11 Janmead, Hutton, Essex.

From Mrs Rosemary Hill

Sir,—It is interesting that Peter Pulzer (October 17) finds it so inconceivable that the Alliance should favour a reform (introduction of a single transferable vote) which has been painstakingly worked out as being the most democratic, even if this would fail to give them the unfair number of seats which the two main parties have come to regard as the natural right of the winner.

This is in keeping with our sporting traditions where the "winner takes all," i.e. one goal or one centimetre and the winner gets the cup, the glory, and probably the money, but is surely no way to run a modern industrial society.

Not only the City but the electorate are increasingly fed up with this system as shown by the very low number who go to the polls here compared with other countries.

As Peter Pulzer says, with the STV all parties would be under pressure to launch a broader appeal . . . *with* profound effects on their candidate-selecting and policy-making mechanisms. Can anyone except the most hide-bound party activists doubt that this would be a good thing?

Rosemary Hill.
10, Hawkenbury Road,
Tunbridge Wells.

Distributive trade prejudice

From the Co-operative Union

Sir, — Mr I. C. Maclaurin (Letters, October 24) is right to *refer to successive governments'* prejudice against the distributive trades, as it is something we in the retail co-operative movement have been fighting against for a number of years.

As long ago as June 1978 the Economic Development Committee for the Distributive Trades, on which the co-operative movement is represented, submitted a report to the NEDC on the role of distribution in the industrial strategy. This called on the Government to ensure that:

The role of the distributive sector is considered as an integral part of industrial strategy, and that concentration on the needs of manufacturing industry does not result in neglect of distribution but leads to closer co-operation between the two sectors to their mutual advantage;

The current discrimination against distributors in terms of tax treatment, specifically on capital allowances, is ended:

The procedure for handling planning applications works more smoothly than in the past.

It is interesting that the Government has recently conceded that the retailing sector does have a grievance on capital allowances, although they appear to be reluctant to do any*thing about it on grounds of* cost.

It is interesting, too, that the Government has recently issued revised guidelines on planning applications, although regrettably these come too late to avoid the many difficulties which have been experienced by the retail sector in recent years.

For the retail sector it may be a case of "too little, too late," yet again. Or are we being prejudiced as well?

D. L. Wilkinson.
Chief Executive Officer.
Co-operative Union.
Hanover Street, Manchester.

The sovereignty of nations

From Mr Angus Sibley

Sir,—We have grown used to the *sacrosanct assumption* that every country is entitled to absolute *sovereignty*. Yet it is not so long since we believed that imperial powers had the right to impose supranational order upon whole groups of countries. We cannot evidently revert to that position. But we are being forced gradually to perceive, though as yet dimly, that the anarchy of a world of fully sovereign states does not work. Peacekeeping forces, occasional bouts of neo-imperialism, the coercion of governments by the IMF, are all *signs that we are groping,* clumsily and painfully, towards new forms of international order.

Rather than intoning time-worn slogans about the hallowed right of peoples to self-determination, we would do better to recognise that the post-colonial dream of sovereignty for every nation is a monstrous delusion. Firstly, because it implies international anarchy. We do not tolerate totally independent entities within Britain or America; why within the world? We need the rule of law as urgently between nations as within them.

And secondly, because so long as nations' internal affairs are held to be immune from outside intervention, there is no legitimate means of disciplining governments that tyrannise over their own peoples. Of course it is unseemly for the United States to invade a small island, even to depose a junta that has seized power by assassination. But what, at present, is the alternative? We need an inter*national police force to do this* job, and an international criminal court in which the assassins could be properly tried.

Angus Sibley.
142, Chatsworth Court,
Pembroke Road, W8.

From Miss B. Smoothy

Sir,—This Grenada business leaves a sour taste in my mouth. Through the years of their independence the record of the Governor-General appears to me inadequate. Sorry guv! Did he not know that the army would not be loyal to an existing government? Had he no vestige of influence or communication? Was our FO "asleep"? Is the fact that his appointment was the Queen's, the reason our PM "sulks in her tent"? Was Reagan not planning the invasion long since and should I not go on my knees to thank him? I could go on! And on!!

B. Smoothy (Miss).
121 Western Road, Tring.

Analysts versus share prices

From Mr Desmond Goch

Sir,—Like your correspondent Mr Beall (October 24) I am perturbed when I read of luncheon meetings between the executives of listed companies and selected institutional representatives and financial analysts—usually to be followed by share price movements that owe something to information given in advance of it becoming available to individual shareholders and the wider investing public.

I gain some consolation, however, *from the thought* that these briefing sessions sometimes produce a market reaction that can be turned to advantage in certain circumstances. How often does one read that a reported improvement in profit and turnover was followed by a downturn in the share price because the outcome was not as good as had been expected.

A recent announcement by a major food retailer on these lines produced a downward market reaction following adverse comment from analysts that it was expected to do better. Feeling that these comments were an over-reaction, I preferred to back my own judgment and I can now enjoy the ride back to reality in the share price following these same pundits' second thoughts.

The cult of the analyst has been overdone and when the new commission arrangements begin to make their impact on dealing margins we may see some kind of a shake-out. The free lunches may have to give way to tea and sympathy.

Desmond Goch.
1, Paddock Wood,
Harpenden, Herts.

Britain's share in oil trade

From Mr Peter R. Odell

Sir,—The letter from Messrs Harvey and Musgrave are helpful in explaining why the UK refines so little of its production and has a net import of refined products. They do not, however, explain why British industry has to pay higher prices for oil products than competitors elsewhere in Western Europe. Perhaps the freedom which government policy allows the oil companies in their downstream operations is not the way to guarantee lowest possible prices—as Mr Musgrave claims. The additional data from Mr Harvey on trade in oil products is most revealing in respect of the importance he adduces to "the exceptional demands made by . . . the Falklands conflict" in stimulating imports. Does this mean that British refinery capacity has been so much reduced (by 27.5 per cent since 1976 compared with 21 per cent in France and by 19 per cent or less in Italy, West Germany and the Netherlands) that the *industry is no longer capable* of supplying the additional volumes of aviation and marine transport fuels which may be needed to meet unexpected military demands? If so, then the degree to which the country's refining industry has been cut back would appear to be a matter of strategic importance as well as one of politico-economic concern.

Peter R. Odell.
Erasmus Universiteit,
Rotterdam.

Ethics of BP share issue

From Mr T. Hoseason-Brown.

Sir,—No doubt Mr Lawson and the Treasury have been congratulating themselves on the success of the BP issue as the striking price of the shares left no profit at all for the subscribers and indeed is quite likely to involve them in a loss. If it does I am sure Mr Lawson's cup will be full.

Although it was, of course, entirely legal for the Bank of England to cash the cheques of those who failed to obtain an allotment, I am sure that I am not the only one to feel that this action ran counter to *normal* business ethics. Although being an applicant for only 1,000 shares I obtained an allotment at the striking price which was clearly a very high one judging by the number of applicants who were unsuccessful. With hindsight I would never do this again and indeed I would never again apply for a Tender Issue by H.M. Government and venture to suggest that several thousand other investors probably feel the same. Undoubtedly it was very smart business but I think it was appallingly bad psychology.

T. Hoseason-Brown.
6 Norland Road,
Clifton, Bristol.

Israel's Currency

Dollars, dreams and reality

By Nicholas Colchester

Mr Yoram Aridor (right) had to resign as Israel's Finance Minister last month after word leaked out that he had a radical plan to reconstruct the country's currency by temporarily replacing it with the dollar.

CONNOISSEURS of exotic monetary systems, those who know the intricacies of the Liberian-U.S. dollar enclave or how French monetary policy affects WAMU, the West African Monetary Union, must be saddened *by the failure of Mr* Yoram Aridor in his last desperate fling to reconstruct the Israeli currency. Whether it had succeeded or failed, the project would certainly have earned its place in the history *of money.*

When in mid-October the Israeli press revealed the existence of the finance minister's "dollarisation" scheme the plan was still barely in a fit state to be debated. The leak followed a *chaotic week in which* a run on bank shares, the closure of the Israeli stock exchange, a substantial devaluation of the shekel and a 50 per cent rise in the price of basic commodities had left him completely discredited. The confusion in government and the public uproar over his half-baked plan led straight to Mr Aridor's resignation. His scheme received the sort of examination given to the last sample produced by a salesman as he is heaved out of the front door.

Mr Aridor had been thinking about the plan since April when Dr Yakir Plessner, deputy governor of the central bank, convinced him that only a completely radical approach would break Israel's vicious circle of 150 per cent inflation and widespread indexation.

At the beginning of 1984 the Government, they envisaged, would devalue the shekel yet again to a rate of Sh 100 to the U.S. dollar. At this convenient price the dollar would replace the shekel as Israel's currency. Every bank balance, IOU, pay slip, price list and so forth would have meant U.S. cents in place of shekels. To back up this magic transformation the architects apparently hoped to borrow $1.5bn from the U.S. Fed. This, they reckoned, was twice the *monetary base of the country* and would be an adequate cushion against those doubters who wanted dollars in the hand rather than in an Israeli bank.

With the advent of non-inflationary money Israelis would accept the phasing out of indexation. The Government would be without a discretionary monetary policy for six months; its budget deficit could be only what it could raise in dollars on the international capital market and from established Israeli sources of dollar finance. Then a new Israeli currency would be established.

The thinking here was still imprecise. The New Shekel (some biblical experts favoured the Zuz) would be held at a fixed exchange rate against a basket of currencies. Monetisation of budget deficits would be outlawed. There would probably be a mandatory switch back into the new currency. The new regime would be swaddled in exchange controls. Israel would be back on the straight and narrow.

"There were two starting points for the plan," says Dr Plessner. "The first was that inflation in Israel is almost exclusively a monetary phenomenon. The second was that an ending of indexation is the only way out of the situation. We could have merely fixed the shekel exchange rate against the dollar, but we thought that the psychological impact of *actually going over to the* dollar was much stronger. We needed to kill inflationary expectations completely in order to suppress indexation."

Despite the opposition to the idea of Dr Moshe Mandelbaum, Governor of the central bank of Israel, Aridor and Plessner flew to the U.S. to discuss it with the U.S. Government, which would *ultimately have had to* support the project. Aridor saw Donald Regan, the U.S. Treasury Secretary, but it seems that little more than soundings took place. Plessner was also looking for academic support. He spent half an hour with Professor Ronald McKinnon, of Stanford University and invited him to come to Israel as "adviser."

McKinnon was interested but at once put his finger on the two major questions that bedevil the economic side of the scheme —let alone the political overtones of Israel becoming a dollar enclave. Is inflation in Israel a "purely monetary phenomenon" — a spiralling upwards of numbers of shekels which, because of unusually widespread indexation, does not redistribute the underlying real wealth? Or does it really *reflect* seignorage —the time-honoured way in which governments live beyond their fiscal means, by paying for services in coinage which is then rapidly debased in value?

The second question is a practical consequence of the first. Could the Israeli Government trim its budget deficit to an amount it could finance in dollar borrowing? Or would it simply run out of cash — dollar cash — and fail to pay civil servants and so forth?

Dr Plessner claims: "There is no dispute between academics in Israel that the Government's financial position suffers as a result of inflation." He maintains that Government disbursements are indexed to rise as rapidly as its fiscal income and that the gains from printing more money are offset by the quantity of non-index-linked Government loans extended to individuals and to the private sector. The implication is that the Government is losing out on these loans as fast as the Israeli private sector is losing out on its holdings of shekels.

As for Government deficits, "people tend to lump together what we finance from abroad, much of it in the form of aid, *and what we finance at home.* Our internal shekel borrowing requirement is not way out of sight compared with some European countries. It was 9 per cent of GNP in 1982, equivalent to about $2bn. Our plan envisaged a cut in the deficit of some $1.75bn partly by cutting spending, partly by reducing subsidies, and partly through the impact of the big devaluation on the Government's exchange rate insurance scheme."

Professor Michael Beenstock, of the City of London University, *finds* it hard to believe that there is no seignorage in Israel, or that indexation is the fundamental problem. "If you have not got the political will to control your public sector borrowing requirement under a floating exchange rate you will not control it by gimmicks of *fixed exchange rates or going* over to dollars," he says.

Facing up to fiscal reality may be a necessary condition for curing hyper-inflation, but is it a sufficient one in a country so steeped in indexed inflation that its people already think in dollars while they pay in shrinking shekels? The Plessner-Aridor plan never had a chance. It was three months premature. It was politically naive. It needed to pull off too many tricks at once. The reputation of its chief sponsor had become a crushing liability. But in time Mr Aridor's successors may ruefully conclude that currency reconstruction is inevitable if Israel is ever to lead a normal economic life.

FINANCIAL TIMES

Tuesday November 1 1983

HAWKE WINS CRUCIAL VOTE ON A$1.7BN RESOURCE DEVELOPMENT

Canberra approves uranium plan

BY MICHAEL THOMPSON-NOEL IN SYDNEY

APPROVAL for the development of the world's richest uranium find was given at an eight-hour meeting of the Australian Cabinet yesterday, despite left-wing opposition to the development of the uranium industry.

But development of the A$1.7bn ($1.49bn) Olympic Dam copper-gold-uranium project at Roxby Downs, South Australia, has still to be approved by the Parliamentary Labor Party at a vital caucus meeting next Monday. The Olympic Dam find is thought to contain at least 1m tonnes of uranium.

Although Australia has the world's most extensive reserves of low-cost uranium, there has been a concerted left-wing campaign, in recent months aimed at forcing Mr Bob Hawke's Labor Government to bow to official Labor policy and scrap the uranium industry.

Yesterday's decision is an important victory for Mr Hawke, who favours the mining and export of uranium. Although voting may be close, it is thought unlikely that the 105-strong Parliamentary Labor caucus will challenge his authority by rejecting Cabinet support for the prestige Olympic Dam project – thought to contain so much copper, gold, silver and uranium that its projected lifespan is 200 years.

The Olympic Dam partners are Western Mining Corporation (51 per cent) and BP Australia (49 per cent).

URANIUM IN AUSTRALIA

However, as a concession to the left, it is thought that the Goverment may authorise an inquiry into whether additional export licences should be granted to the operators of Australia's two existing mines.

These are Ranger, operated by Energy Resources of Australia – in which the shareholders include Australian, Japanese and German interests – and Nabarlek, operated by Queensland Mines.

Ranger and Nabarlek – both in the Northern Territory – are currently producing more than 5,000 tonnes of uranium yearly.

Resolution of the Olympic Dam impasse will by no means signal the end of the Hawke Government's problems with uranium, for in addition to Olympic Dam, Ranger and Nabarlek, numerous other finds *await development.*

Mr Joh Bjelke-Petersen, whose National Party now governs alone in Queensland, said at the weekend he was determined to grant a mining lease to the French-owned company, Minatome, to open the Ben Lomond find in Northern Queensland, which has reserves of 3,400 tonnes.

Other projects vying for attention include Jabiluka (200,000 tonnes) and Koongarra (13,300 tonnes) in the Northern Territory; Yeelirrie (39,800 tonnes) and Lake Way (3,200 tonnes) in Western Australia.

Baghdad claims to have sunk 5 Iranian warships

By Roger Matthews in London

IRAQ claimed last night to have sunk five Iranian naval ships as they approached the port of Bandar Khomeini, at the head of the gulf.

Three of the ships were destroyed by Iraqi air force and naval units. Two tried to escape and were wrecked by mines, Iraq said.

Earlier, Lloyd's of London reported that the 10,000-ton Iranian cargo ship Iran Shahadat had been sunk by an Iraqi missile in the same area October on 12.

This was two days after French Super Etendard aircraft equipped with Exocet missiles were reported to have arrived in Iraq. But there is no indication from Lloyd's, or other sources, that the Super Etendards were used in the October 12 attack.

Lloyd's said that the Iran Shahadat was hit in the engine room as it neared the end of its voyage from Hamburg, West Germany. The vessel, built in 1969, was Iranian-owned. It sank after the attack, but most of the crew were taken off by Iranian rescue vessels.

The UN Security Council yesterday called for an immediate end to the three-year Gulf war and reaffirmed the right of all nations to freedom of navigation in international waters. The voting was 12 to nil with three abstentions.

France played a major role in bringing the resolution to the security council. Iraq has been insisting that the Gulf should be open for its oil exports, and has threatened to use the Super Etendards to disrupt Iranian supplies.

Iran announced in advance that it would not be bound by any security council resolution and accused the council of bias.

Baghdad last night repeated its *warning to international shipping* not to enter what it termed "the exclusion zone." It was not clear whether this applied to the waters around Kharg Island, Iran's main oil terminal, 100 miles from Bandar Khomeini.

Fighting in the mountainous northern sector of the Iraq-Iran battlefield appeared to have diminished after an eight-day offensive by Iranian troops and Revolutionary Guards. Both sides are reported to have suffered heavy losses, with the Iraqi town of Penjwin under siege from three sides.

Iraqi diplomats warned before the latest Iranian offensive that Baghdad would use all weapons available to retaliate if another attack was launched. Twice last week Iraq used long-range, surface-to-surface missiles to hit Iranian towns up to 100 miles from the border.

In a statement to the UN General Assembly in September, the Iranian Foreign Minister, Mr Ali Akbar El-Velayati, had said that Iran *would close the Strait of Hormuz in* response to any "adventure." He was bitterly critical of France.

Diplomatic sources said that although the council's resolution was sponsored by Guyana, Togo and Zaire, this latest diplomatic exercise was initiated by the French, and it was at their insistence that the council acted yesterday.

The French tried to bring the issue to a vote last week.

THE LEX COLUMN

Lease of life in Hong Kong

After a period of lean takings and heavy demands on their cash resources, institutions at last are looking forward to having some real money to spend. Yesterday, at the beginning of a new account, they were quick to respond to more optimistic economic forecasts and marked the departure of ICI's chairman for Wall Street with a 1½ per cent rise in the All-Share index.

Hong Kong

The recent diplomatic ceasefire between Westminster and Peking appears to have restored a vestige of confidence to Hong Kong's shell-shocked financial markets. The pegging of the Hong Kong dollar, introduced a fortnight ago, has succeeded perhaps even beyond the hopes of its architects, while the Hang Seng Index has gained 25 per cent from the 1983 low point of 690 struck at the beginning of this month.

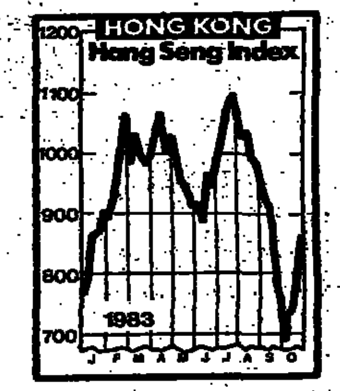
Yesterday's rise in the index was less significant for its size – though at almost 5 per cent that was not to be sniffed at – than for the source of the buying. Local Hong Kong investors, who have been selling into the hands of foreign institutions for most of this month, were at last picking up the reins.

Confidence is admittedly still fragile. A fresh round of Government talks is scheduled for the middle of next month and an unsatisfactory outcome could sorely test the exchange rate mechanism which, after a first week flurry when overnight interbank rates topped 40 per cent, has had a remarkably smooth run.

But, whether or not substantive progress is being made, both sides have at least recognised the value to Hong Kong of giving a positive impression. The banks, meanwhile, *have been able to slice a point off* their prime rates and interbank rates have fallen far enough to encourage talk of another cut from today's 15 per cent level.

The equity market, however, is still suffering from the problem which until recently afflicted the exchange rate – the absence of a fixed point of reference. Equity values are still being guided principally by vague changes in sentiment. Short of pegging the Hang Seng to Wall Street, the best yardstick would probably be a corporate deal.

Few have been brave enough to dip their toes in the property market recently but, over the past week, the stock market has been alive with speculation that the highly geared Hongkong Land Company is about to place its one-third stake in Hongkong Electric, bought last year for around HK$2.5bn. If Land were able to extract itself without taking a book loss, which seems possible, confidence in Hong Kong would be greatly strengthened. And if the buyer were a foreigner, so much the better. Just the thought of it helped lift the Land share price 40 cents to HK$3.80 yesterday.



Share buy-ins

The 1981 Companies Act legislation in the UK allowing companies to buy in their own shares was aimed at making life easier for privately-held family companies. Yet it left a loophole for quoted companies to buy through the market, even if anything more than small-scale purchases soon raised tax obstacles. In recent months, the number of quoted companies taking advantage of the facility has broadened – although property companies remain at the head of the list of converts. A wide range of companies *are now calling on shareholders* to update their articles of association to allow the manoeuvre, even though they have no immediate intention of making any purchases. The companies range from Associated British Foods last month, to P and W MacLellan – net assets, £2½m – yesterday.

In theory, buy-ins are attractive to companies when their shares are quoted at a discount to net assets, and they can find no better return for their excess cash elsewehere. In reality, since asset values tend to be a moveable feast for most companies, a more important consideration is the potential boost to earnings per share through the move, which depends on a company's return on capital. For property companies, however, where investors have traditionally paid much closer attention to underlying asset values, the attractions of buying in stock at a discount are more relevant.

Among the property companies that have been buying in stock have been Churchbury Estates, Samuel Properties, M.P. Kent, Warner Estates and British Land, which has been buying in its convertible. To judge from subsequent price movements, buy-ins have done no harm at all to ratings.

Since companies are liable to act on their purchases through the market, they have only been able to make modest purchases before they have run out of mainstream corporation tax cover. Yet the purchase of even a couple of per cent of the outstanding shares has usually been enough to trigger sustained price rises in the thin markets for most of these stocks.

This suggests that the true attraction of buy-ins for many company boards may be as a defence against takeovers. Most companies go *through a vulnerable period over* the course of the cycle, when their assets appear more attractive to rivals than to the stock market. It is not surprising that companies are now tucking into their armouries the potent little buy-in weapon in anticipation of trickier times ahead.

AP Bank

The fashion for integration within the financial services industry has become so widespread that the announcement by Norwich Union yesterday that it was disposing of AP Bank for £25.1m looked almost like commercial heresy. AP has been consistently *profitable and is* being sold to Riggs National Bank of the U.S. at a substantial premium over the price Norwich paid in 1975.

Ironically, the integration of financial markets can make it less advantageous for companies to diversify through acquisition. Having bought AP to provide NGT, its mortgage and hire purchase subsidiary, with access to the domestic money markets, Norwich found that NGT was able to raise funds in its own name. There may be a message there for anyone thinking to pay a fancy price for a minority stake in a stock broking firm.

Britain in De Lorean aid probe

By Peter Riddell in London

THE ALLEGED diversion to Switzerland of some of the UK Government's financial support for the failed De Lorean car project in Belfast, is to be investigated by an all-party committee of British MPs.

The Public Accounts Committee, parliament's main means of monitoring government money, decided yesterday to examine the whole background to the Government's relationship with Mr John De Lorean and his company. Support totalled £86m ($128.6m), including guarantees, over four years.

The committee apparently felt that it would be wrong to wait until after the legal cases against Mr De Lorean in the U.S. were concluded, since this might take a long time.

Mr De Lorean faces charges of drugs trafficking. His trial, due to open in Los Angeles today, was postponed following the screening on television of a video tape showing Mr De Lorean allegedly receiving a suitcase containing cocaine worth $4.5m from undercover FBI *agents.*

Among the items to be examined by the Public Accounts Committee is $17m which went into a Swiss company at the beginning of the project, of which about a third came from Northern Ireland and originated in government grants. This money has not been accounted for, according to evidence presented to the *committee.*

Mr Robert Sheldon, the committee chairman said last night that the inquiry would examine the whole course of the Government's involvement since 1978, looking at who knew what and when. It will attempt to point to the lessons to be learned in future government support for private sector companies, as well as the role of the Government's nominee directors.

Mesa opposes Gulf Oil plan to change its corporate status

BY WILLIAM HALL IN NEW YORK

MESA PETROLEUM, the small *Texas oil company which is heading* a group of investors who have bought a 10.8 per cent stake in Gulf Oil, the big U.S. oil concern, has formally announced that it is to oppose Gulf's plans to reform itself under a new Delaware holding company.

Gulf's plans, which are designed to give it greater financial flexibility and thwart disruptive legal actions by dissident shareholders, will be voted on by shareholders at a special meeting on December 2. Mesa announced yesterday that it had filed preliminary proxy materials with the Securities and Exchange Commission opposing Gulf's reincorporation proposals. It also announced that it was seeking access to Gulf Oil's list of shareholders and "certain other corporate records." It has retained Lehman Brothers *Kuhn Loeb as financial advisors in* respect of its Gulf Oil investments.

Mesa, which has built up a reputation for shrewd investment in oil shares, has argued that Gulf Oil would be worth more to its shareholders if it was split into smaller parts. Mesa has prepared estimates of the underlying asset values which it believes might be achieved if Gulf was to implement various recapitalisation or restructuring transactions (including repurchases of shares for cash, redemptions of shares in exchange for royalty trust interests and pro rata distributions of royalty trust interests of varying sizes to shareholders).

Mesa's enthusiasm for royalty trusts – where ownership of producing oil wells is spun off to shareholders – is beginning to win support *from some* Wall Street *investment* managers who believe that Gulf Oil shares have performed less well than they should have done

Last week, Donaldson, Lufkin and Jenrette issued a research bulletin strongly endorsing Mesa's action and forecast that it would probably be successful. It recommended that "investors support the Mesa group in its efforts to realise greater stock market value for the assets held inefficiently under the current Gulf Oil financial structure."

The report argues that "the stock market says unequivocally that the value of oil and gas properties in the form of independent exploration companies and royalty trusts is about twice that in the form of integrated oil companies."

Saudis warned on ethylene

BY CARLA RAPOPORT IN LONDON

SAUDI ARABIA, which is building *nine major petrochemical* complexes due to be operational by 1985, was warned yesterday that European trade barriers against its products are a real possibility.

Mr Robert Horton, managing director of BP Chemicals in Dhahran, told Saudi Arabia's first petrochemical conference yesterday that overcapacity in the European chemical *industry "could ultimately lead to* the introduction of international trade barriers."

Only last week, Mr Donald Regan, the U.S. Treasury Secretary, warned that Saudi Arabian products will not be allowed into the U.S. unless they are sold at prices similar to those of American products.

Saudi Arabia's output of ethylene, the basic petrochemical used in making most plastics and resins, *is expected to account for 5 per cent* of world production by the late 1980s.

Mr Horton cautioned Saudi Arabia against maximising the output of its new industry by selling the marginal ton of product at any price in order to provide some contribution to the fixed cost of the operation.

Considering the level of overca*pacity with the industry, Mr Horton* said: "It requires only small quantities of unrealistically priced product to depress the entire price structure." For products such as methanol, polyethylene and ethylene glycol, such a move would put the "entire global price structure" at risk.

Turning to Saudi Arabia's natural feedstock advantage, Mr Horton said that in an ideal free market, supply and demand would dictate that a new producer with a cost ad*vantage would result in the closure* of uncompetitive capacity, allowings prices to rise eventually for the remaining producers.

This is a highly unlikely scenario for Western Europe, he said, as "the intransigence of the West European market should not be underestimated. The nationalistic character of large parts of the industry and the *perceived importance of a domestic* petrochemicals industry to most West European governments it not conducive to the development of a truly free market," Mr Horton said.

In order to avoid future trade battles, the BP executive called for further rationalisation of the European chemical industry and increased co-operation between established chemical producers and Saudi Arabia.

U.S. clears way for engine deal

Continued from Page 1

decision was the key to the launching of the consortium."

Mr Carlson, however, suggested that the market for the new V-2500 engine, could be as large as 8,000 engines between 1989 and 2004 as airframe manufacturers introduce a new range of 120–180 seater aircraft.

He said market research suggested that 800 new range of 120 seaters, 2,000 150-seaters and 200 180-seater aircraft would be delivered over the 25-year period. He added, emphasising the high hopes of the consortium, "8,000 engines is our target."

Radicals in historic triumph

Continued from Page 1

but Sunday's convincing vote is expected to accelerate the transfer of power by the military, since the electoral college merely needs to rubber-stamp Sr Alfonsin as Argentina's new President.

Sr Alfonsin said yesterday he wanted the formal transfer of power by the military to be brought forward from early January to early December. He has also held out an olive branch to the Peronists and is willing to include them in the administration. There are early signs of a possible compromise with the trade unions, whose support he will need to carry out a tough package of economic measures to deal with Argentina's 500 per cent inflation.

On the issue of Argentina's nearly $40bn foreign debt, Sr Alfonsin said that he would be seeking closer relations with Latin American debtor countries. Although the Radicals rule out the idea of a debtors' club, they see such closer co-operation as a means of securing easier terms on the renegotiation of some $10bn worth of payments falling due in 1984.

The Radicals are also questioning the legality of some of the debt contracted by the military Government during the past seven years, especially covering secret arms purchases and lending to military-controlled industries.

The financial community here has accepted the result with some relief. The stock exchange yesterday was buoyant and the parallel market for the dollar showed the peso marginally firming.

On the Falklands, close aides of Sr Alfonsin said yesterday that Argentina was anxious to sit down and negotiate with Britain. The Radicals insist on Argentine sovereignty over the islands but believe negotiations are possible.

Tories rebuff 'dual key' call

Continued from Page 1

which they used, but of allies who shared a common interest in the defence of Europe.

Mr Heseltine declared: "It is inconceivable that in the flow of world events such disagreements do not arise. But in the last resort we face a common threat and we have evolved a common defence."

He added: "And the quicker that any doubts about that are set aside, the clearer our deterrents will become."

The Defence Secretary opened the debate by calling on MPs to endorse a motion confirming that, in the absence of an agreement with the Soviet Union on the so-called "zero option" in the Geneva disarmament talks, the cruise missiles must be operationally deployed in the UK at the end of this year.

Mr Healey attacked as "madness" the U.S. refusal to negotiate nuclear disarmament with the Soviet Union on the basis of President Andropov's latest offer.

"It seems to me to give the West a very good deal indeed," he told the Commons. "There seems to me a overwhelming case for taking Mr Andropov's offer as the basis for negotiations."

For the first time for nearly 20 years, he said, foreign nuclear missiles were to be deployed on British soil without the UK Government having the physical ability to prevent them being fired.

World Weather

		°C	°F			°C	°F			°C	°F			°C	°F
Ajaccio	R	13	55	Dubrovnik	R	14	57	Malaga	S	25	77	Salzburg	C	7	45
Akrotiri	S	23	73	Faro	-	—	—	Malta	R	23	73	Seoul	S	15	59
Algiers	S	19	66	Florence	C	17	63	Manila	S	29	84	Singapore	R	29	84
Amsterdam	F	12	54	Frankfurt	C	5	41	Miami	C	27	81	Stockholm	F	10	50
Athens	F	[illegible]	[illegible]	Funchal	F	23	73	Milan	S	16	61	Strasbourg	D	6	43
Bahrain	S	[illegible]	84	Geneva	S	11	52	Moscow	S	5	41	Sydney	R	19	66
Bangkok	R	27	81	Gibraltar	S	21	70	Munich	F	9	48	Taipei	C	25	77
Barcelona	S	16	61	Guernsey	C	14	57	Nairobi	-	—	—	Tangier	S	25	77
Beirut	C	22	72	Helsinki	R	8	46	Naples	C	18	64	Tehran	-	—	—
Belgrade	C	15	59	H Kong	C	25	77	New Delhi	S	29	84	Tel Aviv	S	25	77
Berlin	C	10	50	Innsbruck	C	7	45	New York	S	11	52	Tenerife	S	23	73
Biarritz	S	13	55	Inverness	C	10	50	Nice	C	14	57	Tokyo	S	16	61
Blackpool	C	11	52	Istanbul	S	15	59	Oporto	-	—	—	Toronto	S	7	45
Bordeaux	C	9	48	Jersey	C	13	55	Oslo	S	14	57	Tunis	C	15	59
Brussels	F	12	54	Jo'burg	S	31	88	Paris	R	12	54	Valencia	S	18	64
Budapest	R	10	50	Las Palmas	F	23	73	Prague	R	5	41	Venice	S	15	59
B Aires	S	25	79	Lima	S	21	70	Reykjavik	C	5	41	Vienna	F	9	48
Cairo	C	27	81	Lisbon	S	16	61	Rio de J'o	S	31	88	Warsaw	C	9	48
Cape Town	-	—	—	Locarno	S	13	55	Rome	C	18	64	Zurich	C	8	46
Caracas	C	22	72	London	C	12	54								
Casablanca	F	26	79	Los Angeles	C	24	75								
Copenhagen	C	10	50	Luxembourg	C	5	41								
Corfu	R	18	64	Madrid	S	10	50								
Dublin	C	11	52	Majorca	F	19	66								

Readings at mid-day yesterday:

C–Cloudy D–Drizzle F–Fair Fg–Fog H–Hail R–Rain S–Sun Sl–Sleet Sn–Snow T–Thunder

Debt deadlines approach

Continued from Page 1

ier terms in future debt negotiations. Some bankers are, however, concerned that the Radical Party is ill prepared to deal with the debt in detail.

In the weeks leadings up to the *formal handover of power*, bankers will be watching keenly for signs of Sr Alfonsin's willingness to tackle the debt issue. So far, Radical party officials have had only informal contacts with the commercial bank creditors spearheading Argentina's debt renegotitations.

A big boost to international confidence would come with the signing of one or more debt rescheduling agreements by an Argentine state agency. Completion of those deals was held up before the election, resulting in Argentina's inability to draw on a $1.5bn credit arranged as part of the debt rescue.

Like the Peronist Party, the Radicals are determined to mount an inquiry into how Argentina's debt grew to as large as $40bn, but bankers do not expect this to lead to any drive to repudiate all or part of the debt.

At a press conference yesterday, Sr Alfonsin rejected calls for Argentina to support any Latin American debtors' cartel.

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SECTION II – INTERNATIONAL COMPANIES
FINANCIAL TIMES
Tuesday November 1 1983

Buoyant quarter for cereal companies

By William Hall in New York

KELLOGG and Quaker Oats, two of the world's biggest producers of breakfast cereals, have reported strong earnings growth in the third quarter but warn that efforts to increase market share are putting pressure on margins.

Kellogg's net earnings in the third quarter rose 17.7 per cent to $76.8m on a sales increase of 2.7 per cent to $634.9m. Quaker Oats, meanwhile, reports that income from continuing operations rose 26 per cent to $28m in its latest quarter.

For the first nine months of the year, Kellogg's net income rose 8.8 per cent to $260.2m despite a marginal decline in sales to $1.82bn.

Kellogg says that in the fourth quarter of 1983 its efforts to build market share, particularly in the U.S. "may have a negative impact on our ability to increase earnings. However, we now expect 1983 earnings for the full year to exceed those of 1982."

Kellogg earned $1.01 per share in the latest period against 86 cents per share a year ago. Quaker Oats earned $1.35 per share against $1.07 per share.

However, Quaker notes that 25 cents of the increase in earnings per share is due to the acquisition of Stokely-Van Camp, which was acquired in the first quarter of the year.

Quaker reports that operating income in its important U.S. grocery products division, excluding the results of Stokely-Van Camp, fell from $31.7m to $30.0m in the latest quarter compared with a year ago, due to a "planned increase in marketing expenditures which should favourably impact on volume in future months."

Sales in U.S. grocery products in the quarter, after stripping out the impact of Stokely-Van Camp, fell by 2 per cent in volume terms.

McDonnell Douglas threatens strikers with unit closure

BY PAUL TAYLOR IN NEW YORK

McDONNELL DOUGLAS, the U.S. aerospace company, yesterday warned striking workers in its commercial jetliner division that a prolonged strike "would force McDonnell Douglas to withdraw from the commercial aircraft business."

The threat came after the United Auto Workers union rejected the company's latest new contract proposals and appeared set to continue the strike involving 8,600 workers at the company's Long Beach, California, Tulsa, Oklahoma, and Melbourne, Arkansas, plants. The strike began on October 17.

Separately McDonnell Douglas and Boeing, its chief rival in commercial aircraft, yesterday both announced higher third-quarter and nine-month earnings, spurred by higher military and commercial aircraft sales.

Boeing said it earned $75m or 78 cents a share in the latest quarter, compared to $69m or 61 cents a share in the 1982 third quarter, on sales that increased to $2.26bn from $2.06bn.

The latest quarter lifted earnings to $257m or $2.66 a share in the first nine months, compared with $201m in the 1982 period. Sales jumped to $84bn from $6.5bn.

Boeing attributed the improvement to increased commercial jet sales, lower levels of research, development and engineering expenses and continued favourable performance on government programmes.

The company said sales to the U.S. Government during the first nine months had totalled $2.54bn, compared with $2.36bn.

The company said it earned $70.9m or $1.78 a share in the third quarter, compared with $55m or $1.40 share in the 1982 quarter on sales that increased to $2.04bn from $1.82bn.

For the nine months, the company said its net earnings totalled $192.3m or $4.84 a share, a 25 per cent increase over $153.8m or $3.90 a share net earnings in the same period last year.

Axe falls on DFDS cruise operation

By Christopher Van Bergen in Copenhagen

DFDS, the Danish shipping line, faced with the prospect of another big deficit for 1983, is to axe its loss-making cruise operations between New York and the Bahamas.

The one-year-old U.S. cruise operation has lost the company over DKr 200m ($21.25m) and shows no sign of recovery. It is to be terminated on November 26.

Announcing the change, Leif Juul Joergensen, DFDS director, said unless DFDS managed major ship disposals the company risked suffering a DKr 200m deficit for 1983, slightly more than the DKr 190m deficit recorded in 1982.

If all went well, however, the company's rationalisation plan would, at the very best, result in balanced accounts for 1984, Mr Juul Joergensen added.

It is planned to transfer the 27,000 tonnes, 1,600 passenger and 500-car luxury liner "Scandinavia" from Caribbean cruising to the Copenhagen-Oslo route from late December.

To date, DFDS has managed to sell three of the ten passenger and freight vessels it put on the depressed shipping market this January. The sales brought in a "disappointing" DKr 150m. The latest trimming operation will leave DFDS running only six year-round passenger routes and four summer-only passenger routes.

Three North Sea routes will cease to operate and a further Swedish-Danish route across the Kattegat has been sold to another operator.

WEAK PROFITS PUSH U.S. BANK SHARES TO 12-MONTH LOWS

Walking a Latin debt tightrope

BY PAUL TAYLOR IN NEW YORK

A CHANGE in New York state banking regulations eased the effect of troubled Latin American loans on some major U.S. banks in the third quarter, but the overall results still looked pretty anaemic.

This, together with heightened investor concern about Brazil and Argentina, means that U.S. bank stocks are now back trading around their 12 months lows.

Generally higher provisions for loan losses coupled with steadily growing non-performing loans and thinner margins between borrowing costs and lending rates combined to depress earnings.

Nevertheless, First Chicago increased earnings by 50 per cent, further confirming its recovery, and offering a sharp contrast with the 39 per cent earnings decline at Continental Illinois, the other major Chicago bank.

The fallout from the failure of Penn Square, the small Oklahoma City energy bank, continued to be reflected in Continental Illinois' earnings – and in those of BankAmerica. Following acquisition of the troubled Seafirst, BankAmerica posted a 29 per cent decline in net earnings, while its non-performing loans increased by $1.1bn from the end of June, primarily because of the Seafirst takeover, to $3.2bn.

Interfirst of Dallas, the 14th largest bank in the U.S., shocked Wall Street by reporting a $194m third-quarter loss – after writing off $334m in bad loans, many of them in the energy sector.

Nevertheless, the major factor highlighted by the third-quarter results was the thinness of the tightrope the majors are walking over international loans.

Citicorp, posted a third quarter earnings gain – on the strength of a property deal in Hong Kong set up several years ago and a dramatic improvement in consumer banking. However, its non-performing loans had climbed substantially it pointed out.

Such loans rose to $2.6bn at the end of the quarter, or 3 per cent of total outstandings, up from $2.3bn at the end of June and from $1.5bn just a year earlier, when they were 1.0 per cent of total loans.

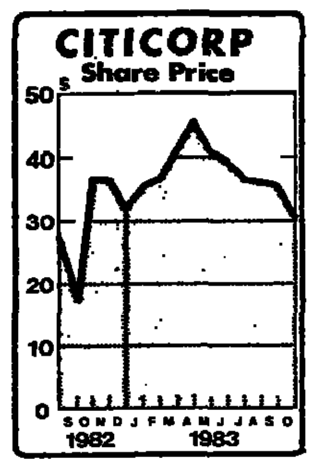
Citicorp, the biggest bank holding company in the U.S., added that "the increase in non-performing loans was primarily attributable to weakness in the Latin American private sector." But it also emphasised that its "conservative policy in placing loans on non-accrual, coupled with an aggressive posture in recognising write-offs", resulted in a 10.3 per cent yield on non-performing loans from cash payments in the year to date compared with the average base lending rate of 11 per cent.

Potential pressure on fourth-quarter bank earnings because of non-performing foreign loans, was highlighted by the rule change affecting the New York state chartered banks.

The change meant that state chartered banks were able to extend the grace period allowed before overdue loans have to be declared non-performing, and accrued interest reversed, from 60 days to 90 days.

At J.P. Morgan, the fifth largest bank holding company in the U.S., and the parent of Morgan Guaranty, which has a Brazilian exposure of around $1.7bn, the change allowed the bank to include an extra $5.6m in net earnings in its $101.1m third-quarter earnings.

Manufacturers Hanover said its $88m earnings, up a modest 3.2 per cent, would have been "less than" $1m lower had it not been for the rule change. But for the change its $996m non-performing loans com-



paring with $806m a year earlier, would have been $67m higher.

Chemical Bank, which had net earnings up 10.2 per cent at $76.3m, said its non-performing loans would have been $960m at the end of the quarter instead of $892m and earnings would have been $1.8m lower.

Bankers Trust, which showed a 13 per cent earnings gain and previously followed the ultra-cautions practise of placing overdue commercial loans on a non-accrual basis after 30 days, held its non-performing loans basically unchanged at $464m or 2.2 per cent of total loans, at the end of the third quarter, by switching to the now more standard 90-day grace period.

The change in procedures, brought its non-performing loans down by $220m, largely on Brazilian account, and increased income, as struck, by $6.6m.

Chase, a nationally chartered bank which had nevertheless adopted a 60-day house rule, also moved to the 90-day period, while Security Pacific, the fast growing and rapidly diversifying West Coast bank, posted a 6 per cent gain in earnings to $67.4m, despite sticking to a 60-day grace period.

The potential impact of a massive fourth-quarter surge in international non-performing loans, which could wipe out the respectable nine-month earnings gains registered by most of the big banks, perhaps explains some of the urgency felt among the majors about the International Monetary Fund quota increase in the phase 2 Brazil package.

The latest quarterly bank results also reflect the move by the majors to strengthen their capital positions – as the Federal Reserve Board has required them. The majors must increase their proportion of primary capital to assets to a 5 per cent minimum.

What is clear is that however the figures are interpreted the third quarter was at best a patchy period for the major U.S. banks, and holds out little promise of better results in the fourth and final quarter.

This has been firmly reflected in Wall Street bank stock prices. After rising steadily until April, after the first phase of the international liquidity crisis, stocks have steadily slipped back. The movement has been extended by renewed fears about international lending.

Citicorp was among the banks hardest hit a few days ago by renewed fears over Brazilian and Argentinian debt problems. Its share price fell in a day by $2¼ to $31 a share, wiping more than $250,000 off its market capitalisation.

Since the end of April, Citicorp has watched its share price fall from $45¼, with about 15 per cent of the decline coming in the last two weeks, and other banks have suffered similarly. Almost all the majors are now trading substantially below book value – in some cases at around half.

Pharmacia increases profit to SKr 336m

BY DAVID BROWN IN STOCKHOLM

PHARMACIA, the Swedish pharmaceutical and biotechnology group, boosted pre-tax profits by 59 per cent to SKr 336.5m ($43.1m) for the first nine months ending September.

Sales and licensing income climbed 27 per cent over the same nine-month period to SKr 1.7bn. Third-quarter sales were "somewhat lower" than second quarter, but grew 45 per cent on a rolling 12-month basis to SKr 1.6bn.

The company reaffirmed its forecast that sales for 1983 will climb 40 per cent from the SKr 1.8bn achieved last year, and profits after net financial costs – SKr 318m in 1982 – by "even more."

The biggest sales growth continues to be in the separation products division (up 64 per cent) and pharmaceutical (up 63 per cent over the comparable period).

Operating results after depreciation were up 56 per cent to SKr 314m, with costs rising 18 per cent to SKr 1.1bn. Net financial income more than doubled to SKr 22.5m.

Svenska Varv moves out of the red

By David Brown in Stockholm

SVENSKA VARV, the Swedish state-owned shipping group, has reported pre-tax profits for the eight months ending August of SKr 144m ($18.4m), compared with a loss of SKr 291m at the same time last year. The group predicts it will post a profit for the full year.

Sales climbed 26 per cent to SKr 6.7bn, but costs grew at a higher rate of 29 per cent to SKr 6.5bn. This left operating profit after depreciation at SKr 137m, compared with the SKr 243m achieved last year.

The major reason for the profitability increase was the lowering of net interest losses from SKr 215m to SKr 82m, a net currency exchange gain of SKr 70m against the loss of SKr 174m last year, and extraordinary income from unspecified sources of SKr 23m against a loss of SKr 141m last year.

Loss provisions on customer receivables charged to earnings, SKr 500m in 1982, are expected to improve somewhat this year, the report stated. Despite weakened demand in the offshore markets, current deliveries will give "a considerable surplus" for the year.

A special government support package was decided last June for the remaining shipyards, Kockums and Uddevallavarvet. The two are expected to shut down 25 per cent of capacity over two years.

Norcem stages strong recovery

By Fay Gjester in Oslo

NORCEM, the Norwegian cement and building materials producer, with interests in offshore oil activities, made a pre-tax profit of NKr 69m ($8m) in the first eight months of this year. This compares with a loss of NKr 37m in the same period last year and a profit of NKr 50m for 1982 as a whole.

Profit for the whole of 1983 is forecast at NKr 140m, before extraordinary items, which include costs in connection with restructuring undertaken this year.

The improvement in profits partly reflects cutbacks in foundry capacity in Jøtul a wood-burning stove manufacturer and sales of two of the group's less profitable companies, Corrintec and Norcem Plast.

Offshore-related activities continue to generate a high level of income, and earnings have risen as a result of Norcem's involvement in the international cement trade. Group external sales in the eight months reached NKr 2.57bn, compared with NKr 2.28bn in January-August 1982.

Asken acquires 65% stake in J. S. Saba

BY DAVID BROWN IN STOCKHOLM

ASKEN, an investment company based in southern Sweden, has purchased a holding of some 65 per cent in J.S. Saba, Sweden's largest retail and wholesale trading group, in a deal worth about SKr 700m ($89.8m).

Saba, which had sales last year of SKr 17.3bn and earnings of SKr 121m, owns the large retail outlets, Tempo-Åhlens and B&W, as well as the Dagab wholesale trading operation.

Retail volumes have been declining, with losses tripling to SKr 91m in the traditionally slow first eight months. Lower pre-tax results before extraordinary items are predicted for this year. The group attributes this to government price freezes coupled with the large devaluation last October, together with higher value added taxes. The trading divisions have generated the bulk of company earnings.

"Our purchase of Saba suggests no changes for the company," Mr Bengt Karlson, Asken board chairman, was quoted as saying. "We believe in the company and in the future of Swedish retailing."

Asken, centred in Gothenburg and controlled by one of Sweden's biggest financiers, Mr Erik Penser, manages a stock portfolio valued last year at some SKr 1.35bn.

An Asken spokesman said Saba would not be consolidated – 30-40 per cent of the new shares would be held directly and the rest through various subsidiaries.

It is buying stock from Saba's three largest shareholders: Nordstjernan (a subsidiary of the A. Johnson shipping group), Saleninvest (an investment arm of the Salen shipping company), and Hennes and Mauritz (a retail clothing company).

At the same time, Saba has sold to Nordstjernan its remaining 45 per cent holding in the Nordiska Kompaniet (NK) department store chain, which it deconsolidated last year. The Nordstjernan company has also taken on various Saba debts in a deal bringing in a total SKr 170m.

A SOLUTION TO PROBLEMS IN SPAIN'S ALUMINIUM INDUSTRY APPEARS NEAR

Riding high on a price revival

BY DAVID WHITE IN MADRID

THIS YEAR's recovery in world aluminium prices has transformed the outlook for Aluminio Español, the Spanish integrated smelter complex which is preparing to emerge from receivership.

The suspension of payments announced a year ago by the company and its subsidiary Alumina Española was the biggest in Spain to date, all the more damaging because it involved the Spanish state sector, $350m in outstanding credits from international banking syndicates, and a public quarrel with France's Pechiney Ugine Kuhlmann (PUK).

Now, in the light of market conditions, a plan drawn up by the group's advisers, Chase Manhattan, the U.S. banking group, holds out the prospect of a return to profit next year. As a result, the long-term solution to the problems of the Spanish aluminium industry sought by INI, the Spanish state industrial holding company, looks like materialising.

The Aluminio Español venture grew up with about as many complications as one could expect to find in a single company. Two multinational rivals, Alcan of Canada and PUK, were both involved as partners with indirect shareholdings – in the case of the French group, through a company which counted on supplies of alumina from Alumina Española but which was a competitor with the Spanish parent company in finished products.

When the Aluminio Español was launched in 1974, Spanish aluminium was produced by two companies: INI's subsidiary Endasa, which had merged with an offshoot of Alcan, and PUK's subsidiary Aluminio de Galicia (Alugasa).

The new complex, an ambitious venture in a country with neither of the obvious prerequisites – bauxite or abundant sources of electricity – for becoming a major aluminum producer, was aimed at giving Spain its own source of alumina and increasing its degree of self-sufficiency in aluminium.

The complex at San Ciprian, near Lugo in Galicia (north-west Spain) was completed in 1980 at a cost of Pta 84bn (then worth more than $1bn) including a new bauxite port, with capacity to produce 800,000 tonnes of alumina and 180,000 tonnes of aluminium a year. It employs 1,675 people at the two companies and had turnover of Pta 54bn ($355m) last year.

Up to now 53 per cent of the shares have been held by Endasa, the INI-controlled company in which Alcan of Canada has a 43 per cent stake. Alugasa, majority-controlled by PUK, had 20 per cent, with the remaining shares in the hands of eight Spanish banks.

The crisis came to a head last year when PUK, newly nationalised by the French Government, refused to keep ploughing new capital into what seemed a bottomless pit. PUK's agreement was that Alugasa should receive its alumina from the San Ciprian complex at cost price, but the two sides became involved in a legal wrangle about what this price should be. An arbitration verdict rejecting PUK's arguments was handed down in March, but the case is pending appeal.

The new plan provides for a scaling-down of PUK's involvement and the transfer of control of Alugasa to INI.

INI, by a deft reorganisation of its electrical utility holdings, has mobilised the necessary funds for it to contribute the lion's share of capital increases at Alugasa (Pta 5bn) and at Endasa (Pta 15bn). This is enough to secure it more than 50 per cent at Alugasa, reducing PUK's stake from two-thirds to 37 per cent, and to raise its holding in Endasa from 57 to 64 per cent.

These funds are designed to be largely passed on to Aluminio Español, forming the bulk of a planned Pta 15bn capital injection. Bank shareholders in Aluminio Español are to be asked to contribute, but if they decline INI plans to take their place.

The result of this operation is that both foreign partners reduce their stakes in Aluminio Español.

The plan involves a three-year repayment schedule for Aluminio's Español's debts, including immediate payment of part of the principal and all the interest that has fallen due. This includes repayment to the main shareholders of the interest they have been contractually forced to pay on the two syndicated credits while Aluminio Español is in receivership.

Formal applications to lift the suspension of payments for the two companies were due to be made in the first half of this month, but the target date has now been moved to November 12.

Agreement has been reached with Alcan and, after more protracted negotiations, with PUK. The plan commits Alugasa to Pta 3bn worth of the capital increase at Aluminio Español, payment of the claims against it for alumina supplies and withdrawal of its case over the alumina price.

This Advertisement includes information given in compliance with the Regulations of the Council of The Stock Exchange of the United Kingdom and the Republic of Ireland ("The Stock Exchange"), for the purpose of giving information to the public with regard to International Bank for Reconstruction and Development (the "Bank") and the Stock.

The Bank has taken all reasonable care to ensure that the facts stated herein are true and accurate in all material respects and that there are no other material facts the omission of which would make misleading any statement herein whether of fact or of opinion. The Bank accepts responsibility accordingly.

October 31, 1983

WORLD BANK

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

ISSUE
on a yield basis of
£100,000,000 LOAN STOCK 2003

payable as to £30 per cent. on application
and as to the balance by April 26, 1984
with interest payable half yearly on May 9 and November 9

Baring Brothers & Co., Limited

Hambros Bank Limited	**Hill Samuel & Co. Limited**	**Kleinwort, Benson Limited**	**Lazard Brothers & Co., Limited**
Morgan Grenfell & Co. Limited	**N. M. Rothschild & Sons Limited**	**J. Henry Schroder Wagg & Co. Limited**	**S. G. Warburg & Co. Ltd.**

Application has been made to the Council of The Stock Exchange for the £100,000,000 Loan Stock 2003 (the "Stock") to be admitted to the Official List for quotation in the Gilt-edged market.
The Stock will be available in registered form, transferable in multiples of one penny. Renounceable allotment letters (partly paid) in respect of the Stock will be despatched on November 9, 1983. Stock Certificates will be despatched on May 3, 1984 provided the balance of the moneys payable has been duly paid.

No person is authorized to give any information or to make any representation not contained herein or in the Extel Card dated October 26, 1983 giving information relating to the Bank (or any abridgement hereof or thereof authorized by the Bank) and any information or representation not contained herein must not be relied upon as having been authorized by the Bank or any of the Managers named above. This does not constitute an offer to sell or solicitation of an offer to buy the Stock in any jurisdiction to any person to whom it is unlawful to make such an offer or solicitation in such jurisdiction.

The Stock is not open for applications to subscribe by U.S. persons. "U.S. person" means any person who is a national, citizen or resident of, or who is normally resident in the United States, including the estate of any such person, corporations and partnerships created or organized in the United States and "United States" means the United States of America, its territories and possessions and all areas subject to its jurisdiction.

The application list will open at 10.00 a.m. on Thursday, November 3, 1983 and will close later the same day

INFORMATION RELATING TO THE ISSUE

Determination of Rate of Interest and Issue Price

The Stock will have attached such rate of interest and be issued at such price as will result in the Stock having a Gross Redemption Yield equal to the Issue Yield as determined on the basis described below.

The Issue Yield shall mean the sum of one per cent. and the Gross Redemption Yield on 13½ per cent. Treasury Stock 2004-2008 (the "Reference Stock") calculated by reference to the price of the Reference Stock on The Stock Exchange, London at 3.00 p.m. on Wednesday, November 2, 1983, such price to be determined by Baring Brothers & Co., Limited ("Barings") to be the arithmetic mean of the bid and offered prices quoted on a dealing basis for settlement on the following business day by three jobbers in the Gilt-edged market. The Gross Redemption Yield on the Reference Stock will be expressed as a percentage and will be calculated on the basis set out in the *Journal of the Institute of Actuaries*, Vol. 105, Part I, 1978, page 18.

The rate of interest attaching to the Stock will be an integral multiple of one quarter of one per cent. and will be consistent with an issue price as near as possible to but not more than par. The issue price will be expressed as a percentage rounded to three decimal places.

It is intended that notice of the Issue Yield, rate of interest and issue price will be published in *The Financial Times* on Thursday, November 3, 1983.

Underwriting Arrangements

By an Underwriting Agreement dated October 31, 1983 Barings, Hambros Bank Limited, Hill Samuel & Co. Limited, Kleinwort, Benson Limited, Lazard Brothers & Co., Limited, Morgan Grenfell & Co. Limited, N. M. Rothschild & Sons Limited, J. Henry Schroder Wagg & Co. Limited and S. G. Warburg & Co. Ltd. (the "Managers") have agreed with the Bank to underwrite the issue of the Stock.

Barings, on behalf of the Managers, and the Bank may agree in certain circumstances to terminate the Underwriting Agreement, which is subject to certain conditions and accordingly, if they so agree or the Underwriting Agreement does not become unconditional, applications for the Stock will become void.

Terms of Payment in Respect of Applications

Each application, unless made by a recognized bank or stockbroker taking advantage of the alternative method of payment described below, must be accompanied by a cheque payable to Baring Brothers & Co., Limited and crossed "IBRD Loan", representing payment at the rate of £30 per cent. of the nominal amount of the Stock applied for. Such cheques must be drawn on a branch in the United Kingdom (including Northern Ireland), the Channel Islands or the Isle of Man of a bank which is either a member of the London or Scottish Clearing Houses or which has arranged for its cheques to be cleared through the facilities provided for the members of those Clearing Houses.

Barings, on behalf of the Bank, reserves the right to retain the relevant allotment letters and surplus application moneys (if any) pending clearance of applicants' remittances and allotment.

An alternative method of payment is available in respect of payments of £10,000 or more only to recognized banks or stockbrokers who irrevocably engage to pay Barings for credit to the account designated "IBRD Loan" by 10.00 a.m. on Wednesday, November 9, 1983 the amount in Town Clearing Funds representing payment at the rate of £30 per cent. of the nominal amount of the Stock in respect of which their applications shall have been accepted. The expression "Town Clearing Funds" shall mean a cheque or bankers' payment for £10,000 or more drawn on a Town Clearing Branch of a bank in the City of London.

The balance of the amount payable on the Stock allotted must be paid so as to clear on April 26, 1984. Any amount paid in advance of its due date shall not bear interest.

Failure to pay the balance on any Stock when due will render all amounts previously paid liable to forfeiture and the allotment liable to cancellation. Interest at the rate of 15 per cent. per annum may be charged on such balance if accepted after its due date. The Bank further reserves the right in default of payment to sell any such Stock fully paid for its own account.

The expression "recognized bank or stockbroker" shall mean any organization which is a recognized bank for the purposes of the Banking Act 1979 and any firm of stockbrokers which is a member of The Stock Exchange and such other banks or brokers as Barings shall at their absolute discretion agree for the purposes of the issue.

Delivery

Renounceable allotment letters (partly paid) in respect of Stock allotted will be despatched not later than November 9, 1983 by first class post at the risk of the person submitting the application in accordance with the instructions stated on the Application Form.

Allotment letters may be split up to 3.00 p.m. on April 24, 1984 in accordance with the instructions contained therein into denominations or integral multiples of £100.

Unless a duly renounced fully paid allotment letter with the registration application form duly completed is received by Barings on or before April 26, 1984, the Stock represented by such allotment letter will, when fully paid, be registered in the name of the original allottee and thereafter Stock will be transferable only by instrument of transfer.

Stock Certificates will be despatched on May 3, 1984, after which date allotment letters will cease to be valid for any purpose.

TERMS AND CONDITIONS OF THE STOCK

The issue of the Stock has been authorized by a Resolution of the Executive Directors of the Bank passed on October 27, 1983 and will be constituted as an unsecured obligation of the Bank by an Instrument to be dated November 9, 1983 executed by the Bank and deposited with Barings.

The Stock is not an obligation of any Government.

Negative Pledge

As long as any of the Stock shall be outstanding and unpaid, the Bank will not cause or permit to be created on any of its property or assets any mortgage, pledge or other lien or charge as security for any bonds, notes or other evidences of indebtedness heretofore or hereafter issued, assumed or guaranteed by the Bank for money borrowed (other than purchase money mortgages, pledges or liens on property purchased by the Bank as security for all or part of the purchase price thereof), unless the Stock shall be secured by such mortgage, pledge or other lien or charge equally and rateably with such bonds, notes or other evidences of indebtedness.

Interest

The Stock will bear interest from November 9, 1983 at a rate per annum to be determined in accordance with "Determination of Rate of Interest and Issue Price" above. Interest will be payable by equal half yearly instalments on May 9 and November 9 ("Interest Payment Dates") in each year except that the first payment of interest on May 9, 1984 will be calculated using the following formula. —

$$I = R \times 169/365 \times 30/p + R \times 13/365$$

where R is the rate of interest attaching to the Stock (expressed as a percentage), p is the issue price and I (expressed in pounds and rounded to three decimal places) is the first interest payment per £100 nominal amount of the Stock.

Interest will cease to accrue on the Stock on the due date for redemption thereof unless payment of principal is improperly withheld or refused by the Bank.

Form and Transfer

The Stock will be issued in registered form and will be transferable in multiples of one penny by an instrument in writing as if the Stock were a security to which Section I of the Stock Transfer Act 1963 of Great Britain applied or by any other form approved by the Bank. The initial Register and Transfer Office for the Stock will be at Barings, Bourne House, 34 Beckenham Road, Beckenham, Kent BR3 4TU.

Redemption and Purchase

The Stock will be repaid at par on November 9, 2003. The Bank may at any time purchase Stock on any recognized stock exchange or by tender (available to all holders of Stock alike) at any price or by private treaty at a price (exclusive of expenses and accrued interest) not exceeding 120 per cent. of the middle market quotation of the Stock on The Stock Exchange (or failing such quotation on such other stock exchange on which the Stock is listed for the time being) at the close of business on the last business day before the date of purchase but save as aforesaid the Bank may not purchase any Stock. The Bank will be entitled to hold and deal with Stock so purchased which may be cancelled or not as the Bank thinks fit.

Payments

Payments of principal and interest will be made in pounds sterling by warrant, drawn on a Town Clearing Branch of a bank in the City of London, which will be sent, not later than the business day prior to the due date for payment thereof, at the holders' risk by post to persons who are registered as holders of Stock as at the close of business on the relevant Record Date or to their nominated agents and made payable to such holders or as they may direct. In the case of joint holders, the warrant will be sent to the first-named unless instructions to the contrary are given in writing. The "Record Date" shall mean the thirtieth day before an Interest Payment Date but should such thirtieth day fall on a day on which the specified office of the Registrar is not open for business then the Record Date shall mean the first day thereafter on which such specified office is open for business.

Events of Default

If the Bank shall default in the payment of the principal of, or interest on, or in the performance of any covenant in respect of a purchase fund or a sinking fund in, any bonds or notes (including the Stock) or similar present or future obligations which have been issued, assumed or guaranteed by the Bank, or in the performance of any other obligation arising from "Negative Pledge" above, and such default shall continue for a period of 90 days, then at any time thereafter and during the continuance of such default the holder of any of the Stock may deliver or cause to be delivered to the Bank at its Principal Office in the City of Washington, District of Columbia, United States of America, written notice that such holder elects to declare the principal of all Stock held by him to be due and payable, and on the thirtieth day after such notice shall be so delivered to the Bank the principal of such Stock shall become due and payable, unless prior to that time all such defaults theretofore existing shall have been cured.

Prescription

Principal will cease to be payable on the expiry of a period of 10 years and interest will cease to be payable on the expiry of a period of 5 years, in each case from the due date.

Replacement of Stock Certificates

If any Stock Certificate is mutilated, defaced, destroyed, stolen or lost it may be replaced at the specified office of the Registrar upon payment by the claimant of such costs as may be incurred in connection therewith and on such terms as to evidence and indemnity as the Bank and the Registrar may require. Mutilated or defaced Stock Certificates must be surrendered before replacements will be issued.

Further Issues

If the Bank wishes to issue further stock so as to form a single issue with the Stock, it shall be at liberty to constitute such further stock by a supplemental instrument on terms that it shall be consolidated and form a single issue with the Stock.

Notices

All notices shall be valid if despatched by post to the holders of Stock at their registered addresses (in the case of joint holders to the address of the holder whose name stands first in the Register). Any such notice shall be deemed to have been given on the day following the date of such despatch.

Modification of Rights

The conditions of the Stock, the provisions of the Instrument and the rights of the holders of the Stock will be subject to modification by Extraordinary Resolution of the holders of the Stock as provided in the Instrument. Such a Resolution will require a majority of not less than three-quarters of the votes cast thereon.

Governing Law

The Stock and the provisions of the Instrument will be governed by and construed in accordance with the laws of England. Legal proceedings in connection therewith may be brought in the courts of England.

INFORMATION RELATING TO THE STOCK

Current United Kingdom Tax Treatment and Stamp Duty

Interest on the Stock paid as provided herein is payable without deduction of United Kingdom income tax.

Holders of Stock who are liable to United Kingdom tax on capital gains should note that the provision in Section 67 of the Capital Gains Tax Act 1979 which exempts from tax capital gains on Gilt-edged securities (as defined for such purposes) held for more than 12 months does not apply to the Stock.

Transfers of the Stock are free of United Kingdom stamp duty.

Stock Exchange Dealing

The Stock will be eligible to be dealt in on The Stock Exchange in the Gilt-edged market. The Stock will normally be traded for settlement and delivery on the working day after the date of the transaction. The price of the Stock will be quoted inclusive of accrued interest.

It is expected that dealings on The Stock Exchange will begin on Friday, November 4, 1983 for deferred settlement on Thursday, November 10, 1983.

Trustee Status

When the Stock is listed it will be an investment falling within Part II of the First Schedule to the Trustee Investments Act 1961.

Building Society Status

When the Stock is listed it will be an investment falling within the Schedule to the Building Societies (Authorised Investments) (No. 2) Order 1977 (as amended) and will fall initially within Part III of that Schedule.

PURPOSE OF THE ISSUE

The net proceeds to the Bank from the issue of the Stock will be used in the general operations of the Bank.

PRINCIPAL INFORMATION REGARDING THE BANK

Except as otherwise indicated, all amounts set forth herein are expressed in current United States Dollars.

Establishment and Membership

The Bank is an international organization, also known as the World Bank, which was established and has been operating since 1946 under the Articles signed by the governments of its member countries. One hundred and forty-six countries are now members of the Bank. The principal office of the Bank is located at 1818 H Street, N.W., Washington, D.C. 20433.

Principal Purpose of the Bank

The Bank's principal purpose is to promote the economic development of its member countries in the interest of fostering the long-term growth of international trade and improved standards of living. Its principal activity is providing loans for specific projects and related technical assistance.

The loans held by the Bank (including loans approved but not yet effective) at June 30, 1983, totalled $69,820,347,000 of which the undisbursed balance was $36,072,944,000. With the exception of $977,019,000 in loans to the International Finance Corporation, all loans have been made to, or are unconditionally guaranteed by, member countries. The Bank's cash and liquid investments, which totalled $13,196,260,000 at June 30, 1983, are invested in obligations of governments and of certain agencies and instrumentalities of the United States Government and in time deposits and other unconditional obligations of banks and financial institutions.

Capitalization

The following table shows the borrowings and the capital and reserves of the Bank at June 30, 1983:

		($'000s)
Borrowings		
Short-term		
Payable in U.S. dollars	1,500,735	
Less—Net unamortized discounts	12,541	1,488,194
Medium- and long-term		
Payable in		
U.S. dollars	14,402,545	
Deutsche marks	7,372,713	
Japanese yen	6,674,710	
Swiss francs	6,259,235	
Other currencies	3,197,475	
Principal outstanding at face value	37,906,678	
Contracts to borrow	237,586	
Less—Net unamortized discounts and premiums	79,669	38,064,595
Total		39,552,789
Capital and Reserves[1]		
Subscribed capital stock		52,088,580
Less—Uncalled portion of subscriptions		47,369,141
Capital stock paid in		4,719,439
Reserves and accumulated net income—unallocated		4,178,642
Total		8,898,081

(1) The figures with regard to capital stock in the above table are based on the substitution of one special drawing right ("SDR") of the International Monetary Fund ("IMF") for one 1944 dollar (the basis for expressing the Bank's capital under its Articles). The Bank has not finally determined how its capital is to be valued in current dollars following the 1978 amendments of the Articles of Agreement of the IMF.

From July 1, 1983 to October 15, 1983, the Bank's short-term borrowings increased by a net amount of $606,490,000 and the medium- and long-term borrowings increased by a net amount of $1,822,142,000.

The uncalled portion of capital subscriptions, totalling $47,369,141,000, may be called only when required to meet obligations of the Bank for funds borrowed or on any loans which might be guaranteed by it. This amount is thus not available for use by the Bank in making loans.

At June 30, 1983, the callable capital of the 16 members of the Bank which are also members of the Development Assistance Committee of the Organization for Economic Co-operation and Development was $30,956,332,000.

On the basis of the substitution of one SDR for one 1944 dollar (see footnote 1 above), the authorized capital of the Bank at June 30, 1983, expressed in current United States dollars, was $76,547,278,000 (716,500 shares). This amount of authorized capital includes a capital increase of 365,000 shares (about $44,000,000,000), which is subject to reduction under certain circumstances depending on the determination of the valuation of the Bank's capital stock.

Summary Balance Sheet at June 30, 1983

		($'000s)
Assets		
Due from banks		652,685
Investments		12,842,111
Cash collateral invested		4,013,821
Receivable on account of subscribed capital		1,090,888
Receivable from contracts to borrow		235,457
Receivable from sales of investment securities		62,903
Accrued income on loans		825,583
Accrued interest on investments		161,986
Loans outstanding		33,747,403
Notional amounts required to maintain value of currency holdings		.613,042
Other assets		844,504
Total		55,090,383
Liabilities, Capital and Reserves		
Liabilities		
Accrued charges on borrowings		1,241,178
Amounts required to maintain value of currency holdings		1,235
Notional amounts required to maintain value of currency holdings		246,246
Accounts payable and other liabilities		164,843
Payable for investment securities purchased		22,252
Payable for cash collateral received		4,013,821
Due to International Development Association		847,339
Short-term borrowings		1,488,194
Medium- and long-term borrowings		38,064,595
Capital and Reserves		
Capital stock (SDR'000s)		
Authorized capital (SDR 71,650,000)		
Subscribed capital (SDR 48,756,100)	52,088,580	
Less—Uncalled portion of subscriptions (SDR 44,338,598)	47,369,141	4,719,439
Payments on account of pending subscriptions		102,599
Special reserve		292,538
General Reserve		
Accumulated net income	3,831,247	
Cumulative translation adjustments	(697,144)	3,134,103
Accumulated net income-unallocated		752,001
Total		55,090,383

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INTL. COMPANIES & FINANCE

Bond group retailing arm in the red

By Michael Thompson Noel in Sydney

WALTONS BOND, the property and retailing arm of Mr Alan Bond's Bond Corporation Holdings, of Perth, suffered an A$8.6m (US$7.9m) net loss in the year to July 31. It has launched a major drive to lower costs and formulate a "more robust" marketing strategy.

The 1982-83 loss compares with a net profit of A$2.7m in the previous year. The damage occurred in the second half, which saw a A$10m deficit compared with one of A$3.8m in the same half last year.

The directors said factors at work in 1982-83 included slack demand for consumer durables, and slimmer growth margins arising partially from a weaker Australian property market. Group retail sales fell by 12.4 per cent to A$344m. There was a pre-tax loss of A$10.3m compared with a pre-tax profit last year of A$673,000.

As a result of the closure of its retail operations in Victoria, Waltons saw an extraordinary loss of A$12.1m, although net extraordinary losses were A$10.7m. In 1981-82 there were extraordinary net profits of A$20.1m.

"Each major division of the group has been under scrutiny to ensure improvement on the performance of 1983," the directors said yesterday. In particular, they are examining the cost of current retail credit operations, and hoping to woo joint-venture partners for property development schemes.

Interest charges in 1982-83 were A$7.4m compared with A$10.5m, and further reductions are promised.

Vickers and BHP offshoots to merge

By Our Sydney Correspondent

A NEW Australian engineering company is likely to be listed soon, following the planned merger of Vickers Australia, which is 66 per cent owned by Vickers of the UK, and Commonwealth Steel, an 86 per cent-owned subsidiary of Broken Hill Proprietary (BHP), Australia's largest company.

Vickers and BHP are each expected to take a 40 per cent stake in the new company, Comsteel Vickers, with the remaining 20 per cent publicly owned.

Mr Colin Harper, chairman of Vickers Australia, told shareholders last month he believed a rationalisation of the Australian heavy engineering sector was due.

There is to be no offer for the outstanding shares either in Vickers Australia, or the unlisted BHP subsidiary. Commonwealth Steel lost A$6.4m (US$5.9m) in the year to May 31, while Vickers Australia saw a profit of A$3.9m in the 12 months to June 30.

Rationalisation of activities is firmly expected. The merger will take BHP back into shipbuilding for the first time since 1977, given that it will acquire an interest in the Cockatoo dockyards in Sydney.

Midterm earnings more than doubled at MHI

BY YOKO SHIBATA IN TOKYO

MITSUBISHI HEAVY Industries (MHI), Japan's largest heavy machinery manufacturer and a major shipbuilder, more than doubled its unconsolidated pre-tax profits to Y29.03bn in the half year ended September. The improvement was largely due to a good recovery in shipbuilding, with the yards working at full capacity thanks to big orders from Sanko Steamship.

Net profits also rose sharply, by 286 per cent to Y18.01bn, on sales of Y944bn—an increase of 25.8 per cent. Net profits per share were Y7.15, compared with Y2.50 in the same period of the previous year.

With a strong earnings outlook for both the current and the next fiscal year, the company is to lift its dividend by Y1 to Y5 for the full current year.

During its first half, MHI's sales of chemical plant rose 2.5-fold to account for 20.6 per cent of turnover thanks to strong exports to Saudi Arabia. Sales of heavy earth-moving equipment advanced by 46.8 per cent to 31.3 per cent of the total. Sales in the machinery division were up by 4.5 per cent to account for 11.1 per cent.

However, in the shipbuilding and steel structure division sales fell by 18.7 per cent to account for 14 per cent of the total.

MHI won the lion's share of orders for handy-bulk-carriers from Sanko Steamship which has placed an order for 111 vessels totalling 1.25m tonnes. As a result new orders received by MHI in the half year reached 50 vessels compared with only eight in the comparable previous period.

Most of new ships ordered, however, were placed at below break-even prices at a time when the ship building market had hit rock bottom—in March and April. MHI has tried to cover these loss-making orders by reducing costs through streamlining its material purchases as well as savings from standardisation since Sanko's massive orders are all for ships of the same size and type.

In spite of these gains MHI's shipbuilding sector accounted for only 14 per cent of turnover, against 38 per cent in 1975. It is still, however, the major profit earner for the company and as a result, its recovery had an immediate impact on earnings.

The company now has a backlog of orders for 90 new ships which will keep its yards busy throughout both the current fiscal year and the next. The company says it is now trying to take a tougher stance on prices for new orders.

Profitability in the shipbuilding division is expected to improve in the second half-year. However, unprofitable plant sales to the Middle East are due to be delivered in the current half, reducing second-half profits.

For the full year, ending March 1984, MHI expects to double pre-tax profits to Y48bn. Sales of Y1,800bn, up by 9.6 per cent, are forecast. The company said it hopes to be able to maintain profits for 1984-85 at the same level as in the current year.

● NTN TOYO Bearing, Japan's second largest bearing manufacturer, has reported unconsolidated pre-tax profits down by 10.3 per cent to Y5.80bn for the half-year to September despite record sales of Y96.54bn, up by 2.4 per cent.

House building boom lifts Pretoria Portland Cement

BY OUR JOHANNESBURG CORRESPONDENT

A HIGH level of residential building activity increased demand for cement in the September quarter and helped raise total sales by the South African cement producer, Pretoria Portland Cement (PPC) to R290m ($257m) in the year to September. In the preceding year sales were R271m.

Operating profits, before interest and tax, rose to R88.6m from R83.4m. The directors are not sure which way the construction sector is going although Mr Chris Wroggeman, the finance director, says that demand for cement and lime is strong at present. It is not clear if this is simply due to contractors hurrying to finish jobs before Christmas or whether the demand derives from new business.

PPC, which is 62 per cent owned by Barlow Rand, has increased its dividend to 70 cents from 64 cents while earnings per share advanced to 264.9 cents from 247.6 cents.

● South Africa's largest paint manufacturer, Plascon - Evans (Plevans) had increased operating profits in the year to September despite a decline in sales.

Turnover fell by 5.2 per cent to R221m from R233m but operating profits, before interest and tax, rose by 2.5 per cent to R27.4m.

A total dividend of 28 cents has been declared from earnings of 65.8 cents a share. The 1981-82 financial year resulted in earnings of 58.3 cents a share and a total dividend of 25 cents. Plevans is an 80 per cent-owned subsidiary of Barlow Rand.

Chuan Hup Marine funds expansion by rights issue

SINGAPORE — Chuan Hup Marine is making a rights issue of 22.5m new S$1 shares at S$2 each.

DBS, the manager and underwriter of the issue, said the net proceeds would be approximately S$43.6m (US$20.4m). DBS said the money would be used to support the expansion and development of Chuan Hup, which owns and charters offshore support vessels.

Chuan Hup was incorporated in 1970, and has been active in oil industry support services throughout South-East Asia. In the year ended June 30, turnover was S$64.6m. According to DBS in the five years ended June 30, turnover had grown almost three times.

As at June 30, Chuan Hup's fixed assets were S$141.6m, while total assets were S$178.6m. Authorised share capital is S$200m.

Promet Private holds 4m of Chuan Hup's shares, obtained in return for Chuan Hup's acquisition of Asia-Pacific Shipyard Private.

Chuan Hup has forecast a consolidated pre-tax profit of S$19.3m for the current year, and expects to pay a tax-exempt dividend of five cents per share.
AP-DJ

First-half advance by Casio Computer

By Our Tokyo Correspondent

CASIO COMPUTER, one of Japan's largest manufacturers of electronic calculators, lifted pre-tax profits by 13.4 per cent to a record Y7bn ($30m) in the half year to September on sales of Y37.56bn, up by 12.7 per cent. Net profits were 9.5 per cent higher at Y3.2bn but net profits per share fell to Y21.33 from Y22.75.

Sales of desk-top calculators rose by only 1.5 per cent to account for 45 per cent of the total but electronic watch sales were 11.6 per cent higher, accounting for 33.8 per cent. The company is expanding electronic watch production by 36 per cent to 30m units in the current year, concentrating on analogue quartz watches.

Sales of office computers and electronic musical instruments jumped by 50 per cent and total exports rose by 10 per cent to account for 67.3 per cent of sales.

Casio expects to post record sales and earnings for the full year for the seventh consecutive time. Pre-tax profits are projected at Y14bn, up by 11 per cent on sales of Y173bn, up by 7.4 per cent.

N. American Quarterlies

AVNET

First quarter	1983 $	1982 $
Revenue	355.5bn	274.9m
Net profits	18.7m	12.3m
Net per share	0.53	0.35

EG & G

Third quarter	1983 $	1982 $
Revenue	237.9m	207.6m
Net profits	11.9m	10.3m
Net per share	0.40	0.35
Nine months		
Revenue	672.2m	618.6m
Net profits	34m	30.1m
Net per share	1.14	1.03

HARCOURT BRACE

Third quarter	1983 $	1982 $
Revenue	231.9m	191.4m
Net profits	28.7m	23.7m
Net per share	3.16	2.62
Nine months		
Revenue	447.7m	445.1m
Net profits	25.7m	19.2m
Net per share	2.84	2.13

PANCANADIAN PETROLEUM

Nine months	1983 C$	1982 C$
Revenue	634.6m	552.9m
Net profits	173.3m	158.9m
Net per share	1.39	1.27

PUROLATOR

Third quarter	1983 $	1982 $
Revenue	206.6m	186.9m
Net profits	8.5m	7.3m
Net per share	1.20	1.11
Nine months		
Revenue	607.6m	565m
Net profits	23.4m	21.4m
Net per share	3.44	3.26

READING & BATES

Third quarter	1983 $	1982 $
Revenue	105.1m	150.5m
Net profits	5.8m	27m
Net per share	0.15	0.86
Nine months		
Revenue	333.2m	412.5m
Net profits	32m	71.3m
Net per share	0.96	2.28

SHELL CANADA

Third quarter	1983 C$	1982 C$
Revenue	1.4bn	1.35bn
Net profits	39m	41m
Net per share	0.35	0.34
Nine months		
Revenue	3.92bn	3.84bn
Net profits	78m	114m
Net per share	0.65	0.95

SMITH INTERNATIONAL

Third quarter	1983 $	1982 $
Revenue	169m	235.7m
Net profits	†90.8m	15.4m
Net per share	†4.01	0.68
Nine months		
Revenue	514.7m	844.2m
Net profits	†100m	76.2m
Net per share	†4.41	3.34

† Loss

UK COMPANY NEWS

Newman-Tonks at £2.8m as Monarch exceeds budget

PRE-TAX profits of metal hardware manufacturer. **Newman-Tonks Group** moved ahead from £2.71m to £2.83m in the 12 months to July 31 1983, following the *half-time rise from £0.96m to £1.03m.*

The figures included £472,000 profits of Monarch Hardware in the U.S., less £316,000 financing charges and group marketing costs in the U.S.

Monarch has exceeded its profits budget for the year. The company is still seeking further businesses which trade in compatible products.

The company has changed its year end to October 31 and results for the full 15 months to that date will be announced at the end of January 1984.

The quarter August to October is traditionally the least profitable in the year, but indications are that the figures will be better than budget, the directors state. The company's budgets are in their opinion, both encouraging and realistic.

A second interim dividend of 3.45p net makes the forecast level of 5.1p per 25p share (same for previous year) and a final of 1.275p is predicted for the final three months of the period.

Turnover for the 12 months rose from £47.12m to £49.39m, while trading profits were higher at £3.83m, against £3.64m. Pre-tax results were struck after interest of £677,000 (£615,000) and similar trading losses of £318,000 (£320,000) from discontinued activities.

After an increased tax charge of £732,000, against £406,000, net profits were down from £2.3m to £2.1m. Minorities added £33,000 (took £60,000) but there was also an extraordinary debit of £221,000 this time—being redundancy, severance and removal costs.

Yearly earnings per share dropped from 9.19p to 8.75p, pre-extraordinary items and based on increased capital after the acquisition of Jeavons Engineering.

The group has disposed of non profitable companies which have not fitted in with its corporate policy. It has also consolidated complementary production within certain mainstream areas and the material benefits from this reorganisation are *expected to accrue in 1983-84.*

Newman-Tonks Australia has encountered a difficult year, mainly due to the recession which has particularly affected the construction industry. The company has now slimmed down and is once again profitable.

The South African company has also been through a difficult period but, here again, there are positive signs that it will return to normal profitability.

● comment

Newman-Tonks Group's results bear the scars of both flat market conditions and the extensive reorganisation programme, the disruptive effects of which ensured there was little, if any, organic growth to report. The best thing that can be said of the past 15 months is that the worst is almost certainly over—in terms of both corporate rationalisation and the trading outlook. While the benefits of the former will start to come through almost immediately, it is the latter which will spur recovery. Although there have been false dawns before, there are clear signs that a foreign-led upturn in orders is now filtering through. This is showing up in the number of orders from many of the company's major customers in the engineering and hardware businesses which have opened up overseas operations to offset the difficult conditions at home. The group's overseas interests are also on a recovery trend. At 77p, up 2p, the p/e of 8.4 is supported by an attractive 10 per cent yield.

Scott & Robertson exceeds £0.5m and restores interim

WITH ALL subsidiaries trading profitably, **Scott and Robertson** returned sharply improved results for the six months ended August 26 1983. At the pre-tax level profits totalled £569,000, which compares with losses of £124,000 for the same period last year and profits of £216,000 for the second six months.

Interim dividends are being restored with a net payment of 0.75p on the enlarged share capital—a final also of 0.75p was paid for 1982-83 year.

Group turnover for the opening half expanded by £2.96m to £11.75m and trading profits amounted to £613,000, against previous losses of £52,000—Scott and Robertson manufactures packaging products and fabrics.

Anaplast and Plasti-Covers, both acquired earlier this year, produced profits in line with *those anticipated, while Thomas* Boag and its subsidiary improved their margins and turnover.

Tay Textiles had continued success with its intermediate flexible bulk containers and the directors say it is now one of the *market leaders in this activity.* However, they point out that in the manufacture of polypropylene woven carpet backing, the level of turnover and margin was too low to produce an acceptable return on the capital employed.

Although associate Tay Spinners has drastically reduced the level of its trading losses since the last report to shareholders in June this year, the directors have considered it prudent, in view of all the difficulties, to reduce the value of the investment by a further £100,000 which has been *included in extraordinary items.*

They say action is continuing to ensure a further improvement, but it could be some time before an adequate return on the capital employed is achived

Pre-tax results were struck after deducting net interest charges of £85,000, against £108,000, and adding an interest relief grant of £41,000 (£36,000).

Tax accounted for £9,000 (nil) to leave net profits at £560,000, compared with a deficit of £124,000. Minorities took £14,000 *(nil) and extraordinary items* £84,000.

Earnings amounted to 7.65p per 25p share, against previous losses of 2.55p on the old capital.

As already known the group has changed its accounting date and the current period will run from February 26 to end-December 1983.

At the annual meeting the chairman said the group should achieve reasonable profits over the period. He added that all subsidiaries had made a better start but that the results could be affected by problems of the associate company.

● comment

It looks as if the first time contributions of Anaplast and Plasticovers accounted for around £250,000 of Scott & **Robertson's £693,000** swing into *the black. The group attributes* the rest of the improvement to production efficiencies and the benefits of new plant at the Boag polythene operation. At the same time, order books have improved on the back of industrial customers' increasing *demands for plastic packaging* materials. The shares rose 5½p to a 10-year high of 62p, not far short of net assets, where the group is capitalised at £4.4m. Meanwhile, the sale of Tay Textiles and the disposal of its £3.1m overdraft gives Scott & Robertson an ungeared balance sheet for the first time in years. It plans to use the cash that has been released to continue its switch from industrial textiles—which now account for 14 per cent of turnover against 60 per cent three years ago—towards more profitable polypropylene and polythethylene packaging. Now that Tay's interest bill is out of the way, the group looks in line for £800,000 pre-tax for the year. Assuming a nil tax charge, that puts the shares on a prospective multiple of 5½.

Gieves recovers to £497,000 at halftime

FOR THE six months ended July 31 1983 pre-tax profits of the **Gieves Group** recovered from £121,000 to £497,000, with all but one of its companies showing improvements.

The interim dividend is being lifted from 0.75p to 1.1p net per 20p share and with second half profits expected to be slightly ahead of those now reported, the directors are presently thinking in terms of a final payment of 2.4p which would increase the total by 1.25p to 3.5p.

Turnover for the first half improved by £1m to £11.51m and trading profits pushed ahead from £215,000 to £543,000—the group's interests are in tailoring, book manufacture, publishing and motor dealing.

Both of the businesses operated by the Chivers Book Sales publishing subsidiary did particularly well. The directors say success here was such that profits in the second half, while being acceptable, may not match those achieved in the opening half.

Redwood Burn, historically a book and magazine manufacturer, had a good first half. The directors point out that in recent years the development of this subsidiary's web printing facilities has enabled it to broaden its manufacturing base into a number of new markets.

As a result of this, they say profitability is now more consistent throughout the year without the strong bias experienced in earlier years.

Roundabout Garages was the only sector to show a fall in profits

A divisional breakdown of trading profits shows: tailors and outfitters £167,000 (£32,000), book and magazine manufacture £252,000 (£112,000), publishers and library suppliers £217,000 (£97,000) and motor and petrol retailers £40,000 (£55,000). Group trading profits were after deducting rents received less central expenses amounting to £133,000 (£81,000).

Pre-tax results were struck after taking account of lower interest charges of £46,000, compared with £94,000 previously.

Tax accounted for £149,000 (£54,000) to leave net profits £294,000 ahead at £348,000. Last time extraordinary debits took £85,000.

In a statement earlier this year, the chairman said that although the group was profitable and operating from a sound base, "profits were far from being a spectacular return on shareholders' investment."

● comment

Three out of four divisions are producing rapidly increasing profits at **Gieves** and the full *year should reach £1.1m.* Only the company's small petrol retailing business remains a sluggard with half time profits of £40,000. Still, that too is healthy in terms of return on capital employed. The three main businesses, tailoring, book manufacturing and publishing-library supplies, have all produced a substantial interim increase. While the pace may be slowing down Gieves has at last established a profits platform after a sustained period of poor performance. Gieves is now generating cash which begs the question of where it might go next. Having returned £3.7m to shareholders in 1980, when the binder company was sold, Gieves presumably has no burning plans for diversification. Meantime the price of 100p is underpinned by a 5 per cent yield and p/e of 7.6 on a realistic tax charge.

K. O. Boardman

A satisfactory agreement has been reached by **K. O. Boardman International** with its bankers, Mr B. Tomlinson, the chairman, told the annual meeting. The agreement is presently being documented.

He confirmed that the first half year would show a small profit compared with a loss of £180,000 in the corresponding period last year, and current indications were that the improved trend would continue into the second half of the year.

Feb optimistic

For the current year 1983 there is no reason why results for **Feb International** should not be satisfactory, claim the directors in their interim report.

Demand for the company's products (chemicals and building materials) continues to grow both at home and abroad. This has enabled Feb to absorb the costs of its planned developments in the U.S. and to present better figures for the first half.

In the period to June 30 1983 turnover expanded from £9.95m to £12.13m and profit before tax moved ahead to £405,000, from £342,000. After tax £183,000 (£158,000) the net profit is £222,000 (£184,000) for earnings per share of 3.25p (2.69p). The pre-tax profit was charged with depreciation £203,000 (£195,000), interest £123,000 (£124,000) and pension fund contribution £100,000 (£99,000).

The interim dividend is lifted to 0.805p (0.75p) net. The 1982 total was 2.4p when the pre-tax profit reached £862,000.

HIGHLIGHTS

Having briefly looked at the strong rise in the equity market, Lex goes on to consider the position in Hong Kong where there seems to be a restoration of a fragile market. *The column then considers* the practice of companies buying-in their own shares and then returns to the corporate market with a comment on **Great Universal Stores** at the timing of the annual report. Finally Lex looks at the deal whereby **Norwich Union** is selling its banking business.

Good second half at Strong & Fisher

A SHARP swing back into profitability has been achieved by **Strong & Fisher (Holdings)**, clothing and fashion leather manufacturer, in the second half of its financial year ended July 1 1983.

The recovery more than made up the half-time loss of £826,000 and the company finished the year with a pre-tax profit of £413,000, as against a £407,000 loss previously.

There is no dividend for the *year (in 1981-82 only an interim* of 1.67p was paid), but if the profit level of £1.24m achieved in the second half is maintained then it is hoped dividend payments will be resumed.

The directors say the improvement is continuing, although some markets are difficult and customers remain cautious.

External turnover decreased from £39.03m to £36.66m. Pre-tax profits were after charging distribution costs of £940,100 (£1.27m), administration expenses £2.43m (£2.82m), and interest payable £1.58m (£2.12m). Share of associates' profits added £196,100 (£293,200).

After a tax charge of £11,900 (£150,500 credit) and extraordinary losses up from £258,900 *to £573,300, there was an* attributable deficit of £172,300, compared with £515,200.

Earnings per 25p share were 3.6p (losses 3.1p) before extraordinary items.

● comment

Strong & Fisher's earnings depend on the fickle fortunes of the fashion trade, so the market has become accustomed to dramatic zigzags on the profits graph. Despite the improved results, the shares ended unchanged at 77p, where the group is capitalised at £8.4m. Perhaps the market was also influenced by the fact that the bottom line is still well in the red after extraordinary costs of £573,000. The group says it has completed its drive to cut capacity and pull out of unprofitable areas, which has involved a 25 per cent reduction in the workforce to 1,000. Meanwhile, lower stocking requirements have allowed a £1.4m reduction in borrowings to £7.6m —still 93 per cent of shareholders' funds. Garment manufacturers remain wary of building up leather stocks after the recession in the clothing industry, so the most Strong & Fisher can do in the present climate is to trade more profitably at lower volumes. In this respect, the fashion for high-margin, lightweight leather products suits its slimmer shape. But if sales start to race ahead again, the group's high level of gearing could become a real strain.

Small and Tidmas loss

PRE-TAX losses of £136,000, against profits of £6,000, have been reported by **John C. Small and Tidmas** for the first six months of 1983. No interim dividend is again payable—there was also no final payment last year when the company incurred *losses of £244,0000 in the full* year.

Turnover of this manufacturer of knitted fabrics improved from £2.3m to £2.72m. There was a reduction in trading losses from £74,000 to £55,000.

The pre-tax losses were after interest charges up from £34,000 *to £41,000 and closure costs on* the sale of property freehold of £41,000 (profit £114,000). No tax was again payable. There was a loss per 25p share of 11.37p (earnings 0.47p).

The directors say exceptional costs relate to the cessation of *manufacturing in Nottingham,* but the eventual sale of the property should more than eliminate this.

During the latter part of this year, certain assets not directly required in the business have, and are, being sold. The proceeds are anticipated to be in excess of book value.

BOARD MEETINGS

TODAY

Interims—Clement Clarke, Flight Refuelling, Imperial Cold Storage, Reed International.

Finals—A and G Security Electronics, Aberdeen Trust, British Car Auction, Fundinvest, Majedie Investments, Martonair International, Prestwich Parker.

FUTURE DATES

Interims—	
Associated British Foods	Nov 7
Beecham	Nov 30
Capital Gearing Trust	Nov 10
Country Gentlemen's Assn.	Nov 4
Delyn Packaging	Nov 4
Elliott (B.)	Nov 17
Elswick-Hopper	Nov 10
Feedback	Dec 6
Hunting Associated Industries	Nov 3
Monks Investment Trust	Nov 16
Rush and Tompkins	Nov 8
Slingsby (H.C.)	Nov 9
Tarn-Consulate	Nov 4
Walker and Staff	Nov 24
Finals—	
Jayplant	Nov 4
LWT	Nov 10
Platignum	Nov 11
Smiths Industries	Nov 9
Tyzack (W.A.)	Nov 7
Yarrow	Nov 8

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corresponding div.	Total for year	Total last year
Cramphorn	20	—	15	25	20
Dualvest ......int.	4.11	—	4.09	—	7.88
English and Int. ......int.	1.5	Dec 29	1.5	—	6
John Finlan ......int.	3	—	3	—	6.25
Gieves Group ......int.	1.1	Dec. 14	0.75	—	2.25
W & R Jacob ......¶int.	2	Nov. 14	2	—	6
Newman-Tonks ...sec. int.	3.45	Dec. 9	3.45	§—	5.1
Scott & Robertson ...†int	0.75	Jan. 6	nil	—	0.75
Strong & Fisher	nil	—	nil	nil	1.67
Viking Res. ......int.	0.4	—	0.4	—	0.9

Dividends shown pence per share net except where otherwise stated.
* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ USM stock. § Making 5.1p to date in 15 months period. ¶ Irish currency throughout.

GUS ahead so far this year

TURNOVER AND taxable profits for the first five months og 1983-1984 at **Great Universal Stores** show an improvement over the same period last year; after a further increase in the provision for deferred profit and collection costs, says Sir Isaac Wolfson, the chairman.

The notes to the accounts reveal that the gross emoluments of the chairman dropped from £56,948 to £31,760.

As already known, for the year ended March 31 1983, turnover, including VAT, increased from £1.84bn to £2.04bn, while pre-tax profits climbed to £201.38m, compared with £189.16m. The provision for deferred profit and collection costs increased from £147m at March 1982, to £168m.

Sir Isaac tells members that in recent months there has been an improved demand for consumer goods and financial services. The group will continue, he adds, to seek new opportunities to develop and expand its trading, *property and financial* activities both at home, and overseas and to improve productivity by continued investment.

At the end of March 1983, the group's ordinary stockholders' funds were up from £779.6m to £889.83m. Fixed assets amounted to £366.54m (£292.61m) and net current assets increased from £603.94m to £659.83m.

The funds statement shows that purchases less sales of fixed assets came out at £130.58m (£76.02m), of which £98.04m (£51.79m) was equipment out on lease and £32.54m (£24.23m) other fixed assets

During the year there was an increase in working capital of £61.67m (£101.4m). Instalment and hire purchase receivables, less provisions, rose by £66.29m (£29.79m).

On the furniture and household stores side, both Cavendish Woodhouse and Times Furnishing, trade in 440 shops, had a good year.

Mr Harold Bowman, the assistant managing director, added later that catalogue shopping had encouraging prospects. Since September there had been an improved demand and the agency strength continued to grow.

On the current overall outlook, he said "we feel reasonably encouraged since September by improving demand in a number of areas."

Meeting, Chartered Insurance Institute, EC. November 25, noon.

MINING NEWS

Noranda is back in loss but remains hopeful

BY KENNETH MARSTON, MINING EDITOR

AS EXPECTED in the light of Noranda Mines' recent decision to close about half its copper production capacity as a result of low metal prices, reported here on Thursday, the Canadian natural resources group has had a poor third quarter. Furthermore, the final quarter will also be a difficult one.

After the improvement seen in the second quarter of this year when a net profit of C$9.2m was earned, Noranda has gone back into the red in the third quarter with a loss of C$7.9m (£4m). However, this leaves the company with a relatively small net loss of C$5.4m for the first nine months compared with a net loss of C$126m in the same period of 1982.

John Soganich reports from Toronto that the impact of the economic recovery on markets for most Noranda group products lost momentum. Prices for copper, precious metals, lumber, potash and natural gas declined, very sharply in some cases. Markets for manufactured products, lead, molybdenum and newsprint drifted sideways at depressed levels.

The only bright spots in the latest quarter were the markets for aluminium, zinc, paper and pulp which showed "a degree of strength." Noranda says that it is now apparent that results for 1983 as a whole will be disappointing in relation to expectations of a few months ago.

Because economic circumstances "have impaired the value" of several of the company's mining assets it will probably be necessary to make year-end provisions against earnings of about C$45m to C$50m after tax. Final quarter results could also be affected by the current labour turmoil in the British Columbia forest industry.

Looking, valiantly, on the brighter side Noranda points out that the economic recovery now under way in North America has not yet spread to other parts of the world and markets for many of the group's products tend to lag the business cycle.

"Most of Noranda's operations are now making operating profits. The economic recovery appears to be real, sustainable and non-inflationary, and substantially better earnings are expected in 1984."

Rio Algom doing well and gives go-ahead for Canadian tin mine

THE Rio Tinto-Zinc group's Canadian arm, Rio Algom, is still doing better than many North American natural resource group. Although Rio Algom's earnings have come back to C$11.09m (£6.02m) in the third quarter from C$18.05m in the previous quarter, the total for the first nine months of the year is still well ahead at C$35.19m compared with C$14.22m in the same period of 1982.

Rio Algom has been managing well thanks to its 68.1 per cent-owned Lornex copper-molybdenum mine in British Columbia and to its uranium mining operations in Ontario.

In addition, a smaller loss has been sustained at the steel manufacturing and metals distribution activities while this year's exploration and administrative charges have been lower.

Lornex has been doing well thanks to higher prices for its copper and silver production, increased output of molybdenum and lower operating costs. These have offset reduced prices for molybdenum and lower copper grades.

However, as reported here last week, earnings of Lornex fell in the third quarter to C$597,000 from C$2.62m in the previous three months.

They left the company with a profit for the first nine months of C$4.15m against a loss of C$6.54m in the same period of 1982. Because of the current weakness in prices for copper and silver Lornex could be moving back into loss in the current quarter.

Meanwhile, Rio Algom announces that it is to go ahead with the development of its major C$150m tin mine—the only one in North America—at East Kemptville near Yarmouth, Nova Scotia, now that financing and marketing arrangements are sufficiently advanced.

Construction of the open-pit property will begin in the spring and production of metal concentrates is scheduled to start at the end of 1985.

The mill will process some 9,000 tonnes of ore per day for an annual output of 4,500 tonnes of tine in concentrate plus by-products of 1,500 tonnes of copper and 2,400 tonnes of zinc, also in concentrates.

Mineable ore reserves are estimated at 56m tonnes which at the planned production rate will be sufficient for a mining life of about 17 years. The mine will employ 250 people.

ROUND-UP

THE LATEST quarterly report from Australia's Pancontinental Mining has upgraded reserves at the Paddington deposit near Kalgoorlie, Western Australia. The company says that indicated reserves now total 7.8m tonnes, containing about 25,400 kilogrammes (more than 800,000 ounces) of gold.

The Paddington I orebody is estimated to contain 5.6m tonnes of ore grading an average of 3.32 grammes of gold per tonne, based on a cut-off grade of 1 gramme, while the Paddington II orebody is estimated at 2.2m tonnes averaging 3.08 grammes per tonne.

Pancontinental said that it has established an optimum production level of 875,000 tonnes of ore per year for planning purposes.

Australia's Ashton Mining, which owns 38.4 per cent of the Argyle Diamond Mines joint venture in Western Australia, has reported a doubling of profits in the half-year to July 31, reflecting the start of small-scale commercial production from the diamond operation in January.

Earnings for the six months were A$2.68m (£1.68m), up from A$1.19m in the first half of 1982, when Ashton's income came from investments.

South Africa's gold output is continuing to rise, according to the latest monthly report from the Chamber of Mines. Production in the month of September was 1,867,437 ounces, up from August's 1,853,575 ounces. This compares with last year's September output of 1,818,460 ounces.

This brings the total for the first nine months of 1983 to 16,434,493 ounces, compared with 15,974,126 ounces at the same stage of last year.

Pacific growth for MIM

"THE current trend of trade paterns indicates that a significant portion of the growth in demand for MIM Holdings' metals and coal is likely to occur in Asia and the Pacific Basin," says the directors' report of the Australian mineral, coal and metal-producing group.

It adds that for many years Japan has been the largest single buyer of the group's zinc concentrate and is now emerging as the largest customer for its coal. "Within the overall growth of the region it is anticipated that Japan will continue in its present role of major customer and reliable trading partner."

On the subject of the present disappointing course of world economic recovery, as far as the major mining groups are concerned, MIM feels that while there is recovery in the U.S., "growth in international trade is being inhibited by continuing protectionist attitudes in all trading nations and the tendency among some to exclusive bilateral trade agreements.

"The flow-on of this recovery to Japan, Europe and thence to Australia and other commodity exporters will therefore be slow. There are prospects of modest improvements in metal markets as the U.S. economy gains strength."

TCL keeping its powder dry

IN LINE with the forecast made at the half-way stage South Africa's Transvaal Consolidated Land and Exploration (TCL) has lifted net profits for the full year to September 30. They come out at R82.7m (£48.4m) compared with R54.3m in 1981-82.

After holding the interim at 75 cents, TCL is now modestly raising the final dividend to 205 cents (about 120p) to make a total of 280 cents for the year against 260 cents for the previous 12 months.

The latest earnings, equal to 782 cents per share and boosted by the group's major gold interests, clearly offered the scope for a larger dividend increase. But TCL is taking a cautious line in view of the recent weakness in gold prices.

In addition the group needs to take into consideration the depressed state of the coal and base metal markets and its need to conserve funds for major projects in the pipeline which include the new Khutala and Majuba coal mines.

BIDS AND DEALS

Norwich Union in U.S. deal to sell AP Bank for £25m

Riggs National Bank of Washington DC is to buy AP Bank, an authorised London bank, from the Norwich Union Insurance Society for $37.5m (£25.17m).

The purchase is subject to the usual audits and regulatory approvals.

Riggs, the largest bank in Washington, though about 80th largest nationally, had assets of $4.2bn on September 30. It already has a branch in London, but Mr Joe Albritton, chairman, said the plan to buy AP would enable Riggs to broaden its base of banking services by drawing on the indigenous strength of AP Bank and enhancing its base for activity in both the UK and Europe.

Ap Bank, previously known as Anglo-Portuguese Bank, was founded in 1929. It was acquired by Norwich Union for £12m in 1975 from the Wolfson Family Trust. At the end of last September AP Bank assets stood at $600m.

At the time of purchase NU was looking for an established merchant bank with ready access to the money market to help develop its newly formed venture—Norwich General Trust (NGT).

NGT operates in the industrial and commercial mortgages, agricultural loans and hire purchase, and was set up by NU in 1970. But it became apparent that NGT needed to operate under the wing of an established merchant banking group in order to have access to the money markets.

NGT has now become established in the money market, with its own status and no longer needs to operate through a merchant banking partner. It has always operated more closely within the NU establishment than has AP Bank. Its after-tax profits in 1982 were £2m, against £1.3m for AP Bank.

So though AP Bank has operated profitably, attempts to bring it within the NU orbit have not been particularly successful. NU was faced with the choice of putting further capital into AP Bank or selling it. It has adopted the latter course selling at a substantial profit to the amount of capital put into AP Bank.

Norwich Union has no intention of following the example of Hambro Life, which recently launched its comprehensive financial service operation for policyholders, using its merchant banking subsidiary Dunbar. NU markets its life and pensions products through the insurance broker market.

Sheffield Brick offshoot sold to Trent Holdings

Trent Holdings has agreed to purchase Parker and Achurch, a subsidiary of Sheffield Brick Group for £225,000.

PWA was established in 1835, and specialises in architectural ironmongery, door and security fittings, with an extensive sales network in the UK and overseas.

For the year to December 31 1982 turnover of Parker Winder was £1.67m. Excluding an exceptional provision of £148,000, there was a pre-tax loss of £5,000.

Trent wil install its own computer-based administrative systems and expects to achieve substantial operating economies.

The consideration will be satisfied by the issue of Sheffield Brick of 365,000 new ordinary 10p shares credited as fully paid in Trent. Trent will pay a nominal price for the share capital of Parker Winder, the balance being payable in respect of the loan capital, which represents estimated net asset value as at October 31 1983.

Allowing for the adjustment of inter-company balances following completion the net value receivable by Sheffield Brick from the disposal is not expected to exceed £70,000.

The acquisition of Parker Winder will extend the security interests of Trent and will complement the specialised door products of its "Leaderflush" subsidiary.

KCA Intl. and Sceptre to modify Candecca deal

KCA International and Sceptre Resources announce that, in order to enable KCA to arrange suitable long-term financing, they have agreed to modify the previously announced arrangement under which KCA was to acquire a 29.9 per cent interest in Candecca Resources from Canterbury, a wholly-owned subsidiary of Sceptre.

As a result of the modification, a wholly-owned subsidiary of KCA has acquired 3,125,000 Candecca shares (8 per cent) for £5m cash and Canterbury has granted KCA an option, exercisable before March 1 1984, to acquire up to an additional 8,609,801 Candecca shares (21.9 per cent) at a price of 160p per share plus imputed interest.

The option can be exercised on two occasions only, the first exercise of the option must be in respect of not less than 7,068,572 Candecca shares (18 per cent). The exercise of the option is subject to requisite regulatory approvals, and approval by KCA's shareholders which will be sought at an extraordinary general meeting.

KCA will also seek shareholders' approval to change its name to Bristol Oil and Minerals

P & W Maclellan

At an extraordinary general meeting convened for November 23, shareholders of P. and W. MacLellan will be asked to pass resolutions authorising the company to purchase not more than 600,000 of its ordinary shares on the Stock Exchange (just under 7.06 per cent) at prices between a minimum of 20p per share and a maximum of 50p per share for a period of 18 months.

If it is decided that the company should purchase 5 per cent or more of its issued share capital in any period of 12 moinths, such purchases will be made, in accordance with requirements of the Stock Exchange, by a tender offer conducted by the SE or by a partial offer made to all ordinary shareholders.

The directors do not at present, however, intend that the company should purchase 5 per cent or more of its issued share capital in any period of 12 months.

Taddale/Branon

At an EGM of Taddale Investments, the resolution approving the rights issue of new Taddale ordinary shares and the acquisition of Branon was duly passed.

The offer has been accepted in respect of 2,377,406 ordinary of Branon (85.7 per cent), of which 988,362 (35.6 per cent) were for the share offer and 1,389,044 (50.1 per cent) for the cash alternative.

Accordingly, together with the 30,000 ordinary of Branon already owned by Taddale, it now controls 2,677,406 ordinary (87.1 per cent).

Panel sets deadline for Anglo Nordic

By Ray Maughan

THE TAKEOVER Panel has given a deadline of the end of this week to Anglo Nordic Holdings to decide whether it will bid for Butterfield Harvey, the refuse collection vehicles, plastic mouldings, marine factoring and office furniture group.

Anglo Nordic has indicated that it would be interested in making a bid for Butterfield but has not said whether that interest would be converted into an outright offer or, alternatively, will be dissolved.

Anglo Nordic has indicated that it would be interested in making a bid for Butterfield but has not said whether that interest would be converted into an outright offer or, alternatively, will be dissolved.

The Panel stressed yesterday that Friday November 4 represents the last possible deadline and said that should Anglo Nordic intend to drop its offer intentions, the appropriate announcement should be made earlier, if at all possible.

The tight deadline had been imposed because Butterfield shareholders will be asked to vote at an extraordinary meeting on November 11 on resolutions calling for the equity and technology links with Technology Incorporated, a U.S. over-the-counter company which has direct links with Butterfield's dominant Shelvoke subsidiary in that municipal vehicles market.

Anchor Chemicals

Leski Inc, the U.S. group, has increased its stake in Anchor Chemicals, the manufacturer, processor and distributor of speciality chemicals, to 29 per cent following the purchase of a block of 12,500 shares.

The total holding of Leski—its chief executive Mr H. K. Justi is a director of Anchor—now stands at $32,500 shares.

No probes

The merger between Siebe Gorman Holdings and Tecalemit, Crystallate Holdings and Royal Worcester, Guinness Peat Group and Moorside Trust, Sun Life Assurance Society and North British Properties, and Hamilton Oil Great Britain and Hamilton Brothers Petroleum Company are not to be referred to the Monopolies Commission.

New contracts a tonic for Finlan

IN REPORTING pre-tax profits down from £231,938 to £102,579, the directors of John Finlan say the results reflect the previously expressed expectations by the chairman that, due to the predominance of development work *now commenced, by far the* major part of turnover and profit in the current year would be achieved in the second half.

Turnover of this Cheshire builder and land developer for the first half of 1983, improved from £1.54m to £1.62m. A substantial proportion of the turnover relates to land currently under development upon which the company has, as yet, in accordance with its accounting policies, taken no profit.

After tax down from £110,000 to £38,000, attributable profits were down at £64,579 (£121,938). Earnings per 10p share were lower at 2.15p against 4.06p.

Recently the company announced it had won contracts totalling £7.5m, of which the *majority are located in the* South-east of England. As a measure of their confidence that some excellent results will be attained for the full year, the directors are maintaining an unchanged dividend of 3p—last year's total was 6.25p from pre-tax profits of £577,000 (£566,000).

The directors say the present order book now stands at its highest level ever.

The board has entered into a conditional agreement for the acquisition of a freehold office property in Austin Bluffs Office Park, Colorado Springs, Colorado, for a total cash consideration of U.S.$1.25m, of which $25,000 is to be paid by way of deposit.

The vendor is the Building D *Partnership, an affiliate of Offices* America Inc, and the tenant is Systems Development Coropration, a subsidiary of Burroughs Corpn. It is intended that the acquisition will be financed by U.S. dollar-denominated borrowings, partly secured on the property. It is expected that the acquisition *will be completed* by the middle of next January.

The current rental value of the property is $131,000, or approximately $8.50 per sq ft. The lease extends for a primary period of three years, and in each of the three succeeding years the tenant has the option to renew the lease for a further year at a rent of $10.50 per sq ft in the first of those years, and $11.025 and $11.575 per sq ft *respectively*

If the tenant fails to exercise its option to renew the lease at either of the first two renewal dates, and the company is unable to procure the letting of the property for a rental income of not less than $10 sq ft, the company may require the vendor *to repurchase the property for* a consideration amounting to $1.5m.

Offices America has guaranteed the obligations of the vendor in this respect.

Star Offshore warning

FIRST-HALF profits of Star Offshore Services were static but the directors find it difficult to envisage a profit being earned in the second six months.

They explain that in common with other companies in the offshore supply boat industry there *has been a marked downturn in* the day rates for the group's ships. An over-tonnage situation in the North Sea combined with a world-wide depression has pushed rates much lower than was envisaged at the beginning of the year.

It is pointed out that although activity in the UK sector remains relatively high it is very difficult at the moment to maintain full employment of ships at rates which are profitable.

Therefore, group turnover will be reduced in the second half and although the directors will continue to control costs they say "it is difficult to envisage a profit being earned" for the period.

Turnover for the first half, to September 30 1983, rose from £5.32m to £5.84m but profits at the pre-tax were the same at £1.27m.

These were made up as to marine services £1.83m (£1.51m) and diving services £90,000 loss (£91,000 profit).

Earnings amounted to 8.12p *(8.13p) per 50 p share. The in*terim dividend is held at 1p and a total dividend of 2.5p (same) is forecast—the group's shares are unquoted.

The group has maintained its cash reserves and intends to expand its fleet further when the time is right.

W. E. Norton

W. E. Norton (Holdings) has entered into conditional agreement for the purchase of the assets and business of CQR Alarm Company, a Merseyside supplier of alarm and security systems, for a consideration of £400,000 cash. For the year ending December 31 1983, CQR has warranted profits, before tax, of at least £62,000.

Cramphorn dividend up 5p

Improved pre-tax profits of £377,490 against £304,067 have been shown by Cramphorn, distributor of garden and pet supplies for the year ended July 2 1983. Turnover was little changed at £11.52m against £11.08m.

The net final dividend is lifted 5p to 20p, which raises the total from 20p to 25p. Earnings per £1 share expanded from 95.6p to 117.5p.

The directors say that capital profits from sales of freeholds amounted to £105,805 and have been credited to capital reserves.

A garden centre at Witham Essex, has been acquired since the end of the year.

TR Australian growth

Net asset value of the TR *Australian Investment Trust* 25p shares improved by 67p to 204p over the past year to August 31 1983 after taking account of substantial expenses incurred in switching the portfolio into Australia and the devaluation of the Australian dollar in the middle of the investment programme.

The company achieved its specialist status and its exposure to Australian investments increased from 54 per cent to 82 per cent during the year.

Earnings rose to 4.63p (4.37p) per share and a final dividend of 2.05p lifts the net total to 3.65p (3.5p). A scrip issue on a one-for-one basis is also proposed.

Gross income increased by 8.9 per cent to £1.38m (£1.27m). However, the change in the investment policy is expected to lead to lower income in 1983-84.

At year-end reserves of £24m were over six times the issued share capital.

W & R Jacob dives into the red after three-week strike

A COMBINATION of industrial action and general recession has pushed W. & R. Jacobs into pre-tax losses of I£140,000 for the 28 weeks to July 15 1984. This compares with profits of I£763,000 for the comparable period.

Turnover of this Dublin-based biscuit maker increased from £22.9m to £23.43m.

Business and profitability for the period were severely disrupted, say the directors, by a strike in the major subsidiary, Irish Biscuits.

While trading results for the rest of the year will show a major improvement on the exceptional loss incurred in the first half, the directors say they do not expect second half pre-tax profits to match the £837,000 for the second half of 1982.

The strike totally closed the company's biscuit plant and operations for three weeks and caused significant losses. Since the resumption of normal working in mid-May, the company has again been operating at a profit.

However the directors point out that the underlying trend of sales and profit performance during the year has been reduced as consumer spending has reacted adversely to general recession and to increased VAT on biscuits.

The directors say they are activating further improvements in cost efficiency and are planning some radical changes in total operations, because they say this *is the only way the company can* expect to protect future profitability.

The net interim dividend is held at 2p—in the last full year a total of 6p was paid. Losses per 25p share amounted to 2.2p —previously there were earnings of 11.7p.

At the trading level profits fell from £1.24m to £352,000, and were subject to interest payments of £492,000 (£472,000).

There was no charge for tax this time (£30,000) leaving losses at £140,000 (profits £733,000).

Tate of Leeds profit slips

AFTER allowing for losses on the oil and gas businesses acquired last May, pre-tax profits at Tate of Leeds showed a decline for the first half of 1983. The taxable surplus slipped from £297,263 to £252,963. Turnover of this company, which bases its business on a Ford main dealership, expanded from £10.4m to £12.29m.

Pre-tax profits, say the directors, include £402,103 attributable to the motor and finance divisions, but were struck after losses of £149,140 from oil and gas wells. This latter figure, they say, largely reflects depreciation and financing charges.

The oil and gas business is, the directors say, still in its start-up period, and production is coming on stream gradually during the remainder of 1983.

The motor and finance divisions traded satisfactorily, although the new passenger car market was extremely competitive, and the commercial vehicle market remained depressed.

Tax for the period came to £131,541 (£154,577) leaving net profits of *£121,422 (£142,686)*.

Cole Group advances

Pre-tax profits at Cole Group advanced from £71,000 to *£232,000 in the first six months* of 1983, and Mr J. W. Barrett, the chairman, says this confirms the improving trend established in 1982 when profits of £260,000 were recorded against losses of £389,000 in 1981.

He says all activities are currently showing higher trading profits than those for the comparable period last year, and this will be reflected in the results for the full 12 months.

A major contribution to the improvement at the half-year came from Cole Plastics, where a small expansion of its manufacturing facilities has been considered appropriate to meet increased demand. Steady growth at Cole Electronics continues with products arising from in-house development.

Group turnover in the opening half was up from £9.46m to £10.38m. Tax took £121,000 against £37,000, leaving attributable profits up from £34,000 to £111,000. The interim dividend is increased from 1p to 1.5p and this absorbs £45,000 (£30,000). Earnings per share were 3.7p (1.1p).

APPOINTMENTS

Boots makes major board changes

BOOTS non-executive director, *Sir Bernard Scott, becomes* vice-chairman, and Mr Robert Gunn currently managing director of the industrial division becomes vice-chairman and chief executive. In the retail division Mr John Hann, managing director, will retire at the end of the financial year and will be succeeded by *Mr Keith Ackroyd*, currently managing director of Boots The Chemists, a position he will retain. In the industrial division, group board member Dr Eric Cliffe is appointed managing director, and Mr Gordon Solway, who was director of administration, joins the divsion. A new appointment to the group board is Mr Terry Richardson who was previously director of pharmaceutical marketing in the industrial division.

★

TAYLOR WOODROW HOMES has appointed Mr Richard P. Mooney as deputy chairman, in addition to his responsibilities as managing director, from today. He joined Taylor Woodrow Homes in 1964 and was appointed managing director in 1980. In 1981 he assumed the chairmanship of Taylor Woodrow Homes (Scotland) and he is also president of Taylor Woodrow Homes California and Taylor Woodrow Homes of Florida Inc, and a director of Taylor Woodrow (Mallorca).

Mr Richard P. Mooney, deputy chairman, Taylor Woodrow Homes

★

Mr Ken Roberts, chairman of Norcros is to join the board of STAVELEY INDUSTRIES as a non-executive director. Mr Roberts will take over as chairman early next year, when Dr Frankel, the present chairman, retires. Before becoming chairman of Norcros, Mr Roberts was managing director.

★

ALEXANDER HOWDEN GROUP has appointed Mr R. M. Page a director. Mr Page was formerly an executive vice-*president of the American parent* Alexander and Alexander Inc.

★

Mr Michael von der Nuell has become managing director of GENTRANSCO, the UK branch of the Swiss based Freight Forwarder, Danzas.

★

Following the retirement of Mr O. S. Masefield on November 1, Mr T. A. Kent will become chairman of the COUNCIL OF THE MOTOR INSURERS' BUREAU.

★

Mr T. P. Hargreaves, a director *of the Enfield Manufacturing* Co, has been appointed a director of SHILOH.

★

Mr Graham Brooks has been appointed contracts and engineering director of HERBERT MORRIS, Loughborough, a member of the Davy Corp. He was engineering manager.

★

UK PROVIDENT PENSIONS, a new wholly-owned subsidiary of UK Provident, has made the following board appointments: chairman: Mr S. G. Brooksbank (chairman and managing director, UK Provident); managing director: Mr A. E. Spedding (general manager and actuary, UK Provident); deputy managing director: Mr J. J. Gunning (deputy general manager (Investment) UK Provident); director: Mr D. T. Flint (deputy general manager (agency and marketing) UK Provident); secretary: Mr S. V. Finn (deputy general manager (property) and secretary, UK Provident).

★

Mr John R. V. Beatty has been appointed a director of J. E. LESSER & SONS (HOLDINGS) from today. For the last five years Mr Beatty has been, and will continue as, managing director of Lesser Land. He has been with Lesser for 20 years. Mr Michael Lesser has been appointed deputy chairman of J. E. Lesser & Sons (Holdings) and of the group.

★

Mr D. A. Campbell has been appointed an associate director of BRADSTOCK, BLUNT (NORTHERN) from November 1.

★

Mr David H. Williams has been appointed deputy managing director of MURRAY JOHNSTONE. He will continue to be responsible for Murray Johnstone's pension fund investment management business.

★

Mr C. P. Robinson has been appointed a managing director of KING AND SHAXSON from today.

TECHNOLOGY

EDITED BY ALAN CANE

RESEARCH CENTRE AIMS TO BUILD UP ELECTRONICS KNOW-HOW

Irish eye a silicon future

BY RAYMOND SNODDY

"I'VE HAD a bit of criticism," Dr Gerard Wrixon, director of Ireland's new National Microelectronics Research Centre in Cork, admits softly.

"What is going to happen to these students when the industry to employ them almost doesn't exist here? But it seems to me that the industry will never appear spontaneously unless people like these are available," he adds.

The students are Irish electronics graduates who are being trained at the Centre in the latest techniques for design, fabrication and testing of integrated circuits while participating in research projects and earning their masters' degrees.

> "Two main aims here are to provide a base of people educated to work in industry."

The dilemma over their likely future is an inevitable consequence of Irish attempts to try to persuade multinational computer companies, attracted by generous financial packages, to put down deeper technological roots in the country.

Of last year's batch of 10 postgraduates only four are now working in Ireland. Two are studying for doctorates at Stanford University and the others are working in California's Silicon Valley.

Such a "yield" may, however, not be as bleak for Irish needs as it may appear on the surface. Experience shows, Dr Wrixon says, that something like 60-70 per cent of Irish graduates eventually return home.

Dr Wrixon himself provides personal proof of the argument. A graduate of University College Cork he worked for the Fokker Aircraft company in Amsterdam, studied for his masters at the California Institute of Technology, a doctorate at Berkeley and worked in the Radio Research Department of Bell Telephone Laboratories before returning to Cork.

"When they come back they will be a very important group of people because they will have a lot of very valuable experience in the industry," Dr Wrixon says.

The Microelectronics Research Centre, formally opened in July by the Irish Industry and Energy Minister, Mr John Bruton, is housed in a restored malting house built originally in 1796. In the clean rooms white robed students—like noviciates in some new religious order—work on the fabrication of microchips where another generation of Irishmen worked on the production of Beamish and Crawfords — Ireland's other stout.

"Two main aims here are to provide a base of people educated to work in industry and provide a facility to carry out basic research in all areas of microelectronics under the auspices of the EEC Microelectronic and Esprit programmes," says Dr Wrixon.

Apart from a silicon fabrication laboratory the Centre is carrying out research on the use of Gallium Arsenide for the production of very fast chips for signal processing and high speed data links. It is also exploring "thick film" techniques—in which conductors, insulators and resistors are deposited on to an inert substrate—in the search for lower circuit connection costs through better use of space on the chip.

The Centre has I£1.5m in research and development contracts many of them involving collaborative projects with industry in Ireland and the UK.

Thick film technology is being explored under the Esprit programme together with British Aerospace and Stability Engineering of Northern Ireland.

The Centre is working with GEC and Queens University Belfast in developing computer programmes to model the behaviour of MOS (metal oxide semiconductors) and predict their performance. Dr Wrixon says the silicon fabrication laboratory is also trying to develop a CMOS process—for the production of low energy consumption chips.

"I think that if we get the CMOS process going that will be a real feat and will provide a lot of opportunity for students," Dr Wrixon says.

Within the limitations of money and size—at present there are 28 professionals and technicians, three people in administration and 14 post graduates—the aim is to carry out research comparable with that done anywhere.

And already the Centre is providing chip designing opportunities for undergraduates at Cork.

"Last year two groups of two students actually designed their own integrated circuits which we made and tested for them. As an undergraduate project that is unusual. We are bringing this technology down to undergraduate level," Dr Wrixon said.

The Microelectronics Centre at Cork is part of a long term attempt to build an infrastructure for an industry which is little more than a decade old in Ireland.

In 1972 the Irish electronics industry consisted of 30 companies—mostly in consumer electronics—which had a turnover of £35m and employed 5,000 people.

Now there are more than 250 companies employing 22,000 people. Dr David Hanna, manager of the electronics and international services division of the Irish Industrial Development Authority (IDA) believes electronics exports for 1983 will top I£1.4bn. The first five months of the year showed an increase of 22.5 per cent over the same period last year.

The emphasis now from Dr Hanna and the IDA is to try to persuade the companies already there to see Ireland as a total manufacturing base and not just an offshore assembly plant. Companies like SEL and Prime Computer have set up software development groups.

Dr Hanna also believes that of 120 companies which the IDA have been closely involved with over the past four or five years around a quarter have development capacity as part of their Irish operation.

Another IDA target is to encourage the growth of small Irish engineering and component companies to supply the electronics multinationals. The aim is to match the 22,000 jobs in the electronics industry with a similar number in the component industry. "That is what we are working for. We are not there yet," says Dr Hanna.

A small example of what the drive to create an electronics industry in Ireland has achieved —and a hint of how far it has still to go—can be seen in the village of Fermoy, 20 miles from Cork. In an area known more for the quality of the salmon fishing in the River Blackwater than new industry, you turn a bend in the road and there is a shiny new factory. Beehive, a video display terminal manufacturer with headquarters in Salt Lake City, has provided more than 50 new jobs in an area where most young people have to travel to Cork for work.

But although some development work is being carried out in Fermoy to tailor products for the European market only about 5 per cent of parts for the VDU are produced locally so far—and most of that is packaging.

Telecoms

Monomode optical fibres

STANDARD Telephones and Cables, STC, has demonstrated monomode optical fibre communications systems. This could lead to longer distance between repeaters which boost the signal along the fibre.

Most systems in use today used multimode fibres which require signal repeaters every 6 to 8km. Monomode fibres could increase this distance to 30km. Two 140 Mbit/s monomode systems supplied by STC to cover 27km between Luton and Milton Keynes have no repeaters.

Lighting

Fluorescent starter

ARLEN Electrical of Slough in Berkshire claims three major advantages for its new fluorescent lighting starter over conventional devices.

First, it has a programmed start mode to avoid cathode damage; second, the flashing and delay common with conventional devices is eliminated. Third, energy savings can be in the region of 20 per cent.

The company claims the new starter also reduces fire risks in a failed tube through built-in safety shut down circuits.

The device is based on a silicon chip designed by Texas Instruments in Bedford. More on Slough 37921.

Floppy disc makers jostle for position

Professional Personal Computing

PORTABLE computer and microcomputer manufacturers are watching closely the development of the next generation of floppy discs — the microfloppies. These are floppy discs which have a diameter of less than four ins but which will be able to store up to one megabyte of data.

At present disc media and equipment makers are vying for position in the embryonic market for these tiny disc storage units. The company or group which gains the largest foothold for a particular disc system stands to win the race to become the standard in the industry as well as stealing a significant market lead.

There are four competing technologies in the sub-four in arena each reluctant to concede to any of the others. The companies who have developed the microfloppies are Sony, Dysan in the U.S., Hitachi and IBM, though it remains stubbornly silent on the microfloppy saying that it has no product presently in that area despite it beign widely known that something is under development.

The computer industry, until now has shown a *certain disregard* for standardisation. The aim has also been to gain such a large share of the market that competitors are forced to adopt the most successful product or drop out of the game altogether.

This attitude was strongly reflected by Robin Allison at Sony, who is looking after the UK market for microfloppies. "Sony is the most advanced of all the systems," claims Allison. "It will become the standard by default," *he says.* "Sony as a company cannot set a standard, customers will set the standard."

For example, Sony's has ACT in the UK already committed to its disc. While in the U.S. Hewlett Packard, RCA and Sord have signed up to the Sony design. HP has already introduced a system which incorporates the microfloppy.

Last month, Dysan announced its entry into the market. Dysan and Tabor, the disc drive manufacturer, are pushing a 3¼ ins *diskette* which is a miniature version of the 5¼ ins disc which is accepted as a single standard, but the capacity is the same and more. Dysan is trying to push the idea that using exactly the same type of media and disc is the way forward. In the U.S. *standards discussions,* Dysan decided to withdraw from a disc industry's standars committee when it looke like Sony was going to get the most support.

Sony's slightly larger disc is encapsulated in a hard plastic —described as a semi-rigid shell-cover which makes it slightly more robust for portable applications. One of the great selling points for outdoor applications such as weather data gathering equipment.

Hitachi-Maxell has opted for a rigid shell construction but had chosen a 3 in format as against Sony's 3½ ins. Hitachi's dimensions were made apparently to conform to Japanese standard postal dimensions in order to avoid excess charges imposed on odd-sized documents. Hitachi too, has a great deal of support from other manufacturers. Amdex, part of the Westrex group in the U.S., has introduced a Hitachi format disc drive for personal computers.

Despite all the discussion about small discs few U.S. manufacturers have flocked to adopt them. The next range of portable products which are likely to use them are under development so time is becoming increasing short to make a choice.

ELAINE WILLIAMS

How to choose a micro computer

IF YOU are thinking of buying a computer for business and you need help and advice, the choice lies between a consultant—in practice, this often means your local small systems supplier—or reference books.

For those determined to take the latter, harder, route, *The Microcomputer Users Handbook 1984,* published by Macmillan should repay close attention.

Written and compiled by Dennis Longley, head of computing and cybernetics at Brighton polytechnic, and Michael Shain, consultant to the National Computing Centre on telesoftware, the volume is a veritable *vade mecum* of the microcomputer world.

It does not purport to be a book of the "computing made easy" variety, having much more in common with the excellent *Computer Users Year Book,* now published by Computing Publications, and which is the standard reference to the entire industry.

In almost 400 closely spaced pages, the authors cover the essential decision to be made in understanding the computer, buying it, and making effective use of it.

Many of the more popular *systems and applications programs* like Visicalc, dBase II and Unix are described in useful detail (many people hate to admit they don't know what a "spreadsheet" program is).

There is a massive section giving descriptions of most of the microcomputers commercially available and advice on what to do once you've made your purchase. On writing your own applications programs, for example, it warns: "One can only commence by paraphrasing Punch's advice to those contemplating marriage — don't," going on to say "At best, a suitable package will emerge but probably later and with greater total cost than originally estimated."

One of the best features of *the handbook is a series* of articles on current trends in computing contributed by authorities in their respective fields.

Here, for example, is Fred Lamond on microcomputers and the corporate mainframe: "Corporations and their professional staff should consider using free standing microcomputers in preference to mainframe for all the smaller computing and modelling tasks for which microcomputers are suitable."

And R. Falk of VisiCorp on VisiOn, *one of the first of the* integrated suites of business programs: "With VisiOn, the operator views on the screen a representation of a desk top. It includes images of the things one commonly works with—documents and folders."

Inevitably in such a massive work of reference there are errors and omissions but the aim is to publish yearly; such is the pace of change that this volume will have to be significantly updated for 1985. Published later this week, the handbook costs £16.95.

ALAN CANE

Steel

Plasma process wins favour

SKF, the Swedish steel and bearing manufacturer, is hoping to participate in its first major projects for its plasma steel making technology. Investment, which depends on government financial support for prototype equipment, could be worth as much as SKr 700m.

It is talking with two other organisations, Skanska Cement and Energiverken, the local district heating and distribution authority in Stockholm and Malmo in Sweden. They hope to build two plants for producing sponge iron and ferrochromium.

In recent years, SKF has spent more than SKr 130m on developing its plasma technology to cut the cost of making steel. The importance of plasma technology is that it is an economic process for small production capacity. The principle behind the technique is the ionisation of a gas into plasma. Electrical energy is applied to two copper electrodes and transferred to a gas stream ionising it as it passed between the electrodes.

SKF's major achievement was using this technique in the production of sponge iron which is needed for special steels production. Today's production is predominantly based on natural gas.

The first plant to use plasma technology is now under construction at Landskrona in southern Sweden. A new company, ScanDust, will use the plant to recover zinc, raw iron, and other metals from flue dust of steel mills.

If government funds are forthcoming, SKF and its partners will build the ferrochromium plant at Malmo in southern Sweden and the sponge iron plant near Stockholm.

ELAINE WILLIAMS

THE MANAGEMENT PAGE: Small Business

EDITED BY CHRISTOPHER LORENZ

Young Merlin spells out its ambitions

BY JASON CRISP

MERLIN MAY be new and very small — but this Stroud, Gloucestershire-based company has grand ambitions to cast a spell over Britain's newly liberalised telecommunications market.

Although it has still to make its first sale, Merlin has already succeeded in raising £1m to develop a sophisticated new private telephone exchange (PABX) and is currently forging ahead with plans to market it in the U.S. and Middle East.

Says Richard Poulden, one of the company's five founders: "We did not set out to make a quick buck out of liberalisation. We have started a company which will compete anywhere in the world."

As such Merlin's outlook is different from many of the new companies which have entered the field since the British Government began liberalising its telecommunications market more than three years ago. Ministers had hoped to witness a surge of new, dynamic entrepreneurial companies but the painfully slow liberalisation has mostly tended to encourage businesses with a domestic horizon which concentrate on low technology products such as telephones and answering machines.

By contrast, Merlin's sophisticated digital exchange, based around powerful microprocessors which can have up to 64 exchange lines and extensions, will initially compete head on with exchanges sold by British Telecom and made variously by Plessey, GEC, TMC and Mitel and with a new exchange from STC and with simpler key systems. Merlin's exchange has a number of facilities normally seen only on large exchanges, including integral call logging equipment which will print out details of calls made.

(Merlin is also the name of British Telecom's new office automation arm which has been promoted in a major press and television advertising campaign. Although Merlin of Stroud registered its name first it would seem likely it will defer to BT — not least because no small telecommunications company can afford to have a major fight with BT.)

The driving force behind Merlin, which was set up at the beginning of 1982 by five would-be telecommunications wizards, has been chief executive Richard Poulden, a barrister, business school graduate and former management consultant and merchant banker.

"I'd spent a lot of my life advising people on business," comments Poulden. "I wanted to prove it was possible to start and run a business. There comes a time when telling people what to do to be saved is not enough in itself."

The main technical "brain" is John Hearfield, technical and development director who used to be in charge of the technical approval of PABXs at British Telecom.

Hearfield had been involved in the development programme of BT's Monarch exchange. This is a highly successful small digital PABX (originally with a maximum size of 120 extensions) developed by BT and manufactured by Plessey and GEC which has been exported to a number of countries. As a result Hearfield knew that a small exchange could be built much more cheaply than Monarch, taking advantage of the rapid developments in microprocessor technology.

Richard Poulden: "competing anywhere in the world"

The knowledge and experience of Merlin's directors have clearly helped the company through some of its early difficulties but not surprisingly — given the scale of its ambitions — major hurdles have yet to be jumped.

After an initial start as a telecommunications consultancy Merlin was set up with £32,000 of the five founders' own money and a £75,000 loan from Barclays under the Department of Industry's loan guarantee scheme. The initial finance was enough to produce a rather unsophisticated prototype exchange which could be used for raising further finance. "We made it clear to the bank that we would spend that money on the assumption we would raise equity," says Poulden.

After trying many of the conventional sources of venture capital Merlin finally raised £900,000 with a private placement of 55 per cent of its equity with three institutions by stockbrokers de Zoete and Bevan. (Poulden produced a 150 page business plan as part of the company's presentation.) The founders retain an option to buy back control of the company.

The capital is being paid in three tranches of £300,000, the first of which was paid in January and the second is imminent. It has enabled Merlin to develop the first production model of the PABX.

Manufacturing is being subcontracted to two companies making printed circuit boards and two making metal cabinets. Final assembly and testing will be done by Merlin itself in Stroud.

Merlin, however, has run into a couple of technical problems: first in making the exchange work at all and secondly in meeting BT standards.

Technical approval has yet to be granted by BT, which is testing a considerable amount of equipment on behalf of the Department of Trade and Industry. Merlin is nevertheless confident that its exchange will meet BT's technical and safety requirements.

The other big challenge for the company is to sign up the right distributors—a decision which Merlin says is now imminent. One of the most important requirements of a distributor for a comparatively sophisticated product such as a digital PABX is the technical ability to service it and to do so very quickly. Merlin thus needs leading telecommunications or possibly computer distributors. The company, meanwhile, has appointed consultants in the U.S. to look for potential distributors there — the exchange will need some significant technical changes to operate on the American telephone system. Merlin intends to license other companies to sell in Europe.

Once the short term problems of distribution and approval are out of the way, of course, Merlin faces the much harder uphill struggle against competitors with far stronger technical and financial resources.

In brief...

TWO RESEARCH projects designed to further knowledge of the small company sector have recently been launched.

Following the explosion of interest in venture capital an impressive group of institutions (the Association of Investment Trust Companies, the European Commission, the National Association of Pension Funds and the Stock Exchange to name but four) has clubbed together to support "an investigation of unquoted holdings of UK financial institutions".

The aim of the study is to establish—in the absence of reliable official statistics—just how much money has been committed to unquoted securities by UK financial institutions. Holdings will be classified according to their geographical, industrial and financial characteristics and an assessment of the results achieved so far will be made (in aggregate form). Finally, the principal differences between experiences in the UK and U.S. will be examined.

Researcher Donald Adamson (formerly of Edinburgh fund managers, Baillie Gifford) will follow up the survey with a series of interviews. He stresses that confidentiality will be maintained and that the project is "independent of commercial or political interests." He can be contacted at Nuffield College, Oxford OX1 1NF.

More controversially the Unversity of Newcastle upon Tyne is attempting to build an operational model which will predict the financial failure of small manufacturing firms three years ahead of the event. A sample of 1,000 companies will be selected from existing computerised data on manufacturing firms in the North of England and failed businesses will be compared with a wide range of existing companies.

David Storey, one of the project's co-directors, argues that "because of the increasing financial assistance provided by central and local government, predicting the failure rate of small firms is now very important."

Dr Storey would like to hear from anyone with views on the subject and from local authorities/public sector agencies which might apply the technique. Write to him at The University of Newcastle upon Tyne, Newcastle upon Tyne NE1 7RU.

T. D.

David Marsh meets the organiser of France's Business Creation Clubs

'You need to contact a lot of people'

ONE FAST growing French small business with sales of FFr 6m (£506,000) a year in the innovative area of plastic window frames would probably be expanding even faster — but for the all-too-evident energy of its owner.

Tomas Pino-Garcia, a 44-year-old Spaniard who started his Angers-based concern five years ago with a mere FFr 5,000 of his own money, divides his time between looking after the company and working at a greater goal — helping to organise the French small business community.

The company, ISO-K Industrie, now has 20 staff, aims for turnover of FFr 10m next year, and has been profitable, says Pino-Garcia, from "year one." "We would be bigger," he says, "but I've been putting in place a movement. You need to contact a lot of people to create new horizons."

Pino-Garcia, who moved with his parents to France when he was seven years old, played a leading role in the setting up five years ago of the first of what is now a national network of Business Creation Clubs.

The clubs, organised on a regional basis, now total more than 50, linking 2,500 small businesses representing 40,000 employees around the country.

The clubs' umbrella national committee, of which Pino-Garcia is president, has become in just a few years France's leading private sector organisation lobbying the Government to improve conditions for small business start-ups.

Pino-Garcia claims credit for helping persuade the previous right-wing French government to bring in legislation to help workers made redundant to set up on their own. They are now allowed to claim six months of social security benefits in a single lump sum to provide necessary start-up capital for their own businesses.

Pino-Garcia recalls that regulations of this sort would have been a help when he set up ISO-K. He spent 10 months on the dole trying to find work after resigning—after a dispute with the rest of the board over corporate policy—from his previous job as chairman of a Paris polyester company.

Finally, he set up his company with his savings practically exhausted — the FFr 5,000 of his own had to be supplemented by loans from friends to bring start-up capital to the minimum FFr 20,000 he needed.

Remembering his humble beginnings, and underlining his own distaste about "growing too fast—you cease being able to follow what you're doing," Pino-Garcia cautions small business owners against too much initial ambition, especially in their approach to bank managers.

"Don't get too much into debt at first. Prove that your project is a good one. After that, go for financial assistance."

Pino-Garcia's association, together with the government-backed Business Creation Agency (ANCE) has also been putting pressure on Ministers in the present Socialist administration to improve the lot for small entrepreneurs.

The Government has recently announced a three-year tax-free holiday for new businesses, but this amounts to only a small improvement. Previous legislation allowed a 50 per cent tax deduction over five years — and both Pino-Garcia and ANCE would like more action.

As a man who believes in organisation, Pino-Garcia stresses the need for collaboration between different groups. Together with ANCE, Pino-Garcia's committee is organising a European conference this month in Strasbourg to bring together small businessmen and women from all ten EEC countries. The conference will allow entrepreneurs to swap information and ideas in a series of working party sessions devoted to topics like how to attract risk capital, co-operation with larger companies and the setting-up of international sales points.

"The small business creator is an individualist," says Pino-Garcia. "But it is a question of developing his role in society. We want to know what happens in the UK, Italy and Germany. We need to develop contacts."

European Business Creation Forum, November 11-12, Strasbourg. Details: Comite National des Createures d'Entreprises, 142 Rue du Bac, Paris 75007, France.

An incentive for key managers

INCENTIVE share options are a common feature of the North American executive's remuneration package—but due largely to the way they are taxed in Britain they are virtually unknown this side of the Atlantic.

That could soon change if informal soundings currently being taken by the Department of Trade and Industry are converted into legislation next year. The Small Firms Minister, David Trippier, for example, is already known to favour concessions while bodies like the British Venture Capital Association (which recently produced a discussion paper with the help of Arthur Andersen) have been gently lobbying for a change in the rules.

The case for better treatment of share options in the UK is strong. For though new ventures have mushroomed over the last three to four years it is widely acknowledged that only those firms with sound management skills are likely to survive longer term. Because of the high risks of failure and the consequent need to pay big salaries, young businesses are nevertheless often unable to recruit the right calibre of executive.

Under present UK tax legislation everything that an "active" manager obtains from a company is treated as income, including the cash and notional proceeds of shares in the business. Under the 1970 Income and Corporation Taxes Act, for example, an employee who exercises a share option must pay income tax on the difference between the option price and the market value at the time. This is particularly invidious since tax can be payable before the individual has derived any cash from the holding. To make matters worse when the employee does decide to sell any subsequent growth in the value of the shares is also subject to income tax rather than capital gains tax (Finance Act 1972).

There are admittedly some exceptions but the upshot is that a key employee could well subscribe for shares on identical terms and at the same time as a financial institution yet end up being treated much more harshly by the Inland Revenue. (The Government's Approved Profit Sharing and Share Option schemes, incidentally, are not generally relevant to smaller companies — they both have strict upper limits and must be made available to *all* employees of a certain standing.)

Robert Siper of the New York accounting firm Main Hurdman KMG reports that executives in smaller American companies are increasingly taking advantage of lightly taxed Incentive Stock Options (ISO) and Non-Statutory Stock Options (NSSO). This is particularly so in advance of public issues. Provided that the sometimes complicated conditions are satisfied the rewards can often be spectacular.

To "remedy the defects" in Britain, meanwhile, the BVCA is calling for a "radical overhaul" of the present system. In particular the Association suggests that the capital growth of shares between the granting of an option and its exercise should be treated as a capital gain (though any difference between the option price and the market value at the time of granting, says the BVCA, should still be taxed as income). An increase in the value of shares after they have been acquired should be charged to CGT when realised — provided three years have elapsed since the option was granted—and no tax at all should be paid until the individual ceases to be the beneficial owner of the shares.

The BVCA concludes by drawing attention to the Business Expansion Scheme — "which provides tax incentives to *passive* investors in unquoted companies.

"It would now seem appropriate to induce *active* management to take substantial risks in its turn."

Tim Dickson

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Company owned million acres of Cattle Land with 10 miles of sea frontage and adequate water offered for sale at £350,000 ono. Terms available to approved applicant.
Saffery Champness, PO Box 141
St Peter Port, Guernsey, Channel Is

CALIFORNIA real estate acquisition and management. We're not brokers, we serve buyer. Wheeler Assoc., 3139c Los Feliz, 1000 Oaks, CA 91362 USA.

FOR SALE—Issued equity of a property company owning income producing freehold commercial premises in a prominent position in central Maidenhead, Berkshire. Redevelopment potential. Tax loss. Principals or agents with named clients apply vendors' agents — Richard Brampton & Co., tel. 078-481 2288.

CHAIRMAN'S OFFICE SUITE, luxuriously furnished and immediately available in Mayfair prestige building. Private telex. Phone 01-437 3306.

LIMITED COMPANIES? — Ready made & specials. Company searches. Fast service. 01-377 1478.

COMPUTER SYSTEMS — Business Systems Analysis. Feasibility Studies. Design. etc. Fee by results. 01-868 5402

VENTURE CAPITAL REPORT, 2 The Mall, Bristol. The link between investment funds and small businesses. Investors and entrepreneurs ring (0272) 737222.

COMING TO BRITAIN SOON? — RED ROOSTER FOODS. Famous in Australia for eleven years.

JAPANESE for beginners. 6-day seminar. Details from Recall Training Consultants Ltd. (FT), 13 Wimborne Road, London SE13 5HW. Tel: 01-852 5775. Telex 89 6616.

SMALL LISTED COMPANY seeks deals, projects, technological and property deals preferred, which would radically improve the value of its shares. Land for expansion and local authority grants support likely to be available. Write Investment Director, H. J. Baldwin PLC, Loughborough Rd., Saxby, Nottingham NG11 6CN.

FREELANCE ACCOUNTANT — Accounts prepared, VAT, PAYE. Will Write Up Books, etc. Tel: 01-888 7982 ANYTIME.

BUSINESSMAN residing in South West seeks a proposition which has potential for expansion. Up to £100,000 available. Reply in confidence to Box F4579, Financial Times, 10, Cannon Street, London EC4P 4BY.

BUSINESS EXPANSION SCHEME. Tax relief up to 75% available to wealthy U.K. investors. Franchisor company expanding. New shares can be purchased—purpose expansion. Write Box F 4601, Financial Times, 10 Cannon Street, London EC4P 4BY.

Readers are recommended to take appropriate professional advice before entering into commitments

BUSINESS WANTED

BRITISH LEYLAND DEALERSHIP

Substantial public company wishes to acquire a British Leyland Dealership situated in the Northern Home Counties
Minimum turnover £4m to £5m
Write Box G9234, Financial Times
10 Cannon Street, London EC4P 4BY

SOFTWARE/PERIPHERALS FOR INTERNATIONAL DISTRIBUTION

Substantial UK based, but international, company is extending its computer software and peripherals distribution. Manufacturers or suppliers of peripherals/software, please write giving products and current distribution details.
McAlpine, Thorpe & Warrier Ltd
International Management Consultants, 50 Penywern Road
London SW5 9SX

PUBLIC PROPERTY COMPANY

WISHES TO ACQUIRE PRIVATE PROPERTY COMPANY/PORTFOLIO WITH NET ASSETS OF £2M TO £10M.

Portfolio should be based in the South of England, contain minimum industrial properties and have no single unit with a value in excess of £4m.
Write to Box G9228, Financial Times, 10 Cannon Street, London EC4P 4BY

BUSINESS WANTED

Established private manufacturing company wishes to diversify and seeks to purchase a business in the Engineering, Manufacturing or Service Industries with current pre-tax profits of around £50,000 pa. Must be suitable for relocating in the company's N. London premises and require not more than 5,000 sq ft of factory/stores/office floor space.
Write Box G9235, Financial Times
10 Cannon Street, EC4P 4BY

COMPANY WANTED

We are seeking on behalf of an industrial client a company, preferably in England, in the food, food-service and food-distribution fields. For this acquisition is an amount up to £5 million available, although the actual form of acquisition can be very flexible. Our client would be particularly interested in companies with a strong established product line. Please reply to:
BEG Unternehmensberatungsgesellschaft mbH, Elberfelder Strasse 2
D-4000 Duesseldorf 1 - Telex: 08 587 197

BUILDING, DEVELOPMENT OR ALLIED TRADES

Client wishes to purchase a small to medium company in these or related fields
Information to:
STARBUCK STONE & CO
24 Bennetts Hill, Birmingham B2 2JL

ENGINEERING COMPANY REQUIRED

Well established profitable UK company, mainly involved with Fluid Power Industry, intends to diversify into other areas of the Engineering and/or Service Industries by the acquisition of a medium sized company with a lively and ambitious management who feel that association with a company having strong international connections would be to their advantage in developing and expanding their present activities. Full details of products and/or services together with up to date financial information:
Box G9229, Financial Times, 10 Cannon Street, London EC4P 4BY

HAULAGE & ALLIED TRADES

A prominent and respected Haulage Company wishes to expand trading activities by acquisition of a company/business of similar interests in the Home Counties or Midlands.
Contact in complete confidence:
Orr Shotliff, Chartered Accountants
160 Piccadilly, London W1V 0NQ
Telephone: 01-493 3903

SMALL WHOLESALE AND RETAIL WINE MERCHANT WANTED

A small wholesale and retail wine merchant based in Kensington and/or Chelsea is wanted. Prime shopping streets not required.
Write Box G9233, Financial Times
10 Cannon Street, EC4P 4BY

MOTOR CAR COMPONENT MANUFACTURERS AND DISTRIBUTORS URGENTLY REQUIRED

With up to £1m turnover
Reply with full details, in confidence to Box G9230
Financial Times, 10 Cannon Street
London EC4P 4BY

COMMODITY BROKER/Merchant wanted with established business. Details in confidence from principals only to Box G9236, Financial Times, 10 Cannon Street, London EC4P 4BY.

DIESEL ENGINE Manufacturers Co. required. Cash buyer waiting. Principals only write Box G.9200, Financial Times, 10, Cannon Street, London EC4P 4BY.

SMALL BUSINESS WANTED — Successful entrepreneurs with venture capital available wishes to purchase in full or part a small business preferably in manufacturing or marketing of consumer products. Write Box G.9171, Financial Times, 10, Cannon Street, London EC4P 4BY.

"In the last twelve months we're pleased to say, we haven't sold a thing".

Geest Computer Services is a single source of everything to do with business computing. From bureau services and facilities management to micros and the software and supplies to go with them.

In offering such a complete service we're a rather rare breed. In another respect we're totally unique.

For a year now we haven't had a sales force. Simple as that. And contrary to what you might think, business is booming.

We employ a team of specialists who really know a thing or two about computers. While they couldn't pressure-sell to save their lives, they could get a system up-and-running in their sleep.

Theirs is a process of two-way rather than one-way communication. Of matching systems and services to the precise needs of clients. The approach, our customers are delighted to find, is factual and friendly rather than flip.

Response has been overwhelming. Overall business quadrupled in the year. New bureau contracts more than doubled in the past six months. More micros moved than ever before (we're also satisfied that they are actually benefiting their users).

Geest Computer Services has 200 staff in five offices throughout the South. And the backing of a £320m turnover parent company. We also have a range of products and services which appear to sell themselves.

If you'd like to know more ring John Nicholson on 0223 66111 or fill in the coupon below. We promise not to *sell* you a thing!

Geest COMPUTER SERVICES
Business Centre Division.

To: Geest Computer Services Ltd., Jupiter House, Station Road, Cambridge CB1 2JY.
I'd like to know how Geest can contribute to the success of my business.
Please send full information ☐
Please ask your Business Consultant to call ☐
Name:
Position:
Company:
Address:
Phone:
FT

Geest COMPUTER CARE

BUSINESSES FOR SALE

Motor Dealership Group

Leeds Area

The Arnold G. Wilson group of companies comprises sales and servicing outlets in the Leeds Centre, Horsforth, Alwoodley and Wakefield (Austin Rover dealerships) and at York (Ford and Vauxhall dealership).

Group turnover is in the region of £18 million per annum and the workforce comprises approximately 200 employees.

The joint receivers and managers are willing to consider offers for the business as a going concern, in whole or in part.

Enquiries to: A. J. Richmond or J. G. Ridings.

Fastenings Distributor

Hull and Leicester

Humber Stores Contractors, distributors of wholesale fasteners and caravan accessories, with freehold premises in Hull of 15,000 sq. ft. and a leasehold depot in Leicester. GKN accredited stockists.

Turnover in excess of £1m. 40 staff and employees. For sale by the receivers.

Enquiries to: A. J. Richmond or R. A. Barker.

Peat, Marwick, Mitchell & Co.
Airedale House
Albion Street, Leeds LS1 5TY
Tel: 0532 450331 Telex: 557794

PEAT MARWICK

Major Timber Frame House Kit Manufacturer

for sale as a going concern.

Present turnover £400,000 per month, 160 employees, factory 100,000 sq.ft., currently profitable. Contracts with all major private house builders in Scotland.

Location: Coatbridge.

Further particulars from
Ref FHM/GIR/SFD.
Tel: 041-248 7932 Telex: 779338.

Deloitte Haskins+Sells
100 Wellington Street, Glasgow G2 6DJ.

FOR SALE

BUILDING CONTRACTORS, WEST MIDLANDS

OFFERS ARE INVITED FOR A LONG ESTABLISHED PROFITABLE BUSINESS

Turnover £1.1m - Substantial portfolio of Building Land and Investment Properties included in sale - Tax losses at 31 December 1982 — £0.2m

Existing management could be retained, although main shareholder wishes to retire

For further details contact:
David Johnson, FCA, Stanley C. Johnson & Son, PO Box 28
22 Worcester St, Stourbridge, West Midlands DY8 1BH - Tel: 03843 5380

CHRISTIE & CO
SOUTHERN IRELAND

4 Dry Cleaning businesses in compact Dublin area

Turnover IR£182,253
Loyal management
Valuable plant and leases
Price: IR£88,000
(approx. £70,000 sterling)
Apply:
CHRISTIE AND CO
11 Lower Pembroke Street
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REST HOME

Very substantial modern detached premises Lancashire. Registered for 21 with residents' lounge, T.V. lounge, large dining room, private patio, gardens, garages. In splendid condition plus proprietor's self-contained 2 bedroomed house. Inspection essential. Offers sought around £395,000. Ref: FT 1957.

Professional Management Services
63 High Street, Skipton
Tel: 0756 69511 (10 lines)

Electronics Company For Sale

Old established company with own product in the instrumentation and measurement field. Market leader customers: Marconi, IBM, MoD, etc. Turnover 75k - Easily relocated

Write Box G9231, Financial Times 10 Cannon Street, EC4P 4BY

PROPRIETARY TOILETRY PRODUCT

Well known and long established proprietary cosmetic cream for sale. Highly profitable, turnover approx. £77,000 with national UK sales.

For further details write to: Box G9219, Financial Times 10 Cannon Street, EC4P 4BY

SMALL ENGINEERING BUSINESS

Established and profitable with excellent Industrial and Government contracts. For sale as a going concern including modern Freehold premises in expanding West Midlands town.

Write Box G9237, Financial Times 10 Cannon Street, EC4P 4BY

COMMERCIAL PROPERTY COMPANY FOR SALE

£250,000 — 10% return
Tax losses over £100,000
Suit private investor
Apply:
FOX HAYES
Solicitors, 150 Roundhay Road
Leeds LS8 5LD - Tel: 0532 496496

FOR SALE

LUXURY RESIDENTIAL HOME FOR THE ELDERLY - HAMPSHIRE

Prime Location - 21 Bedrooms Reg - Additional Beds potential
Matrons Accommodation
Totally refurbished in June to Nursing Standards

Price £295,000

TEL: 07014 51131

FOR SALE—Recently constructed Marina with 1,500 sq. ft. mooring, toilet and shop facilities Northampton. Full details Kilroy Commercial (0234) 213434.

For Sale in West End of London

A company with 2 Retail Shops in finest positions and good leases

Goods sold include sports, camping, clothing, electrical and luggage. Turnover exceeds £700,000 pa. Reason for sale is proposed retirement. Continuity can, however, be provided. *Apply:*
H. Sternschuss
GERALD EDELMAN & CO
25 Harley Street, London, W1

SHORT OF WORK
LIGHT ENGINEERING CO.

4,500 SQ FT FREEHOLD FACTORY WEST LONDON
MERGER OR SALE
OR ORDERS PLEASE

Write Box G9221, Financial Times 10 Cannon Street, EC4P 4BY

NEW ENGLAND COUNTRY INN

Unique opportunity to acquire a beautiful Inn with very busy Restaurant, Bar and Accommodation and a Lakeside Home all in one. Ill-health forces premature sale. $450,000. Details to principals only.

Write Box G 9227, Financial Times, 10, Cannon Street, London EC4P 4BY.

FOR SALE
SHOTBLASTING, LINING AND PAINTING COMPANY

Fully equipped on a 1.17 acre FREEHOLD SITE
Situated Widnes, Cheshire
Turnover in excess of £2[illegible]00
Asset value including site approximately £200,000

Write Box G9232, Financial Times 10 Cannon Street, EC4P 4BY

SMALL MECHANICAL HEATING AND VENTILATING CONTRACTOR FOR SALE

Turnover approx £300,000 pa
Part of Group
Huge tax losses available as going concern

Write Box G9238, Financial Times 10 Cannon Street, EC4P 4BY

PLASTICS
FOR SALE

Compact two company industrial manufacturing group featuring plastic moulding and multi award winning patented product. Lease of factory available if required. Turnover in excess of £700,000 and increasing. Substantial sum required to include plant, tooling and patents together with good will, based on gross profits.

Write Box G9240
Financial Times
10 Cannon Street, EC4P 4BY

GRP Claddings, Buildings and Engineering Products

Well established, smallish moulder/manufacturer with existing and potential proprietary products/processes seeks backing/purchaser. Opportunity for company/group seriously interested in GRP growth prospects.

Write Box G9239, Financial Times 10 Cannon Street, EC4P 4BY

Bakery Business

Business and Assets for Sale as a Going Concern

- ★ Ovenfoam Limited, based in Bilston, is engaged in the production and sale of bread and cakes.
- ★ Customers consist of shop counter trade and wholesale trade, split approximately 70% and 30% respectively.
- ★ Turnover is approximately £120,000 p.a. with assets comprising freehold property, stock, plant and machinery, amounting to in excess of £90,000.

Contact: J. Kenneth R. Jones,
Robson Rhodes, Centre City Tower, 7 Hill Street, Birmingham B5 4UU Telephone: 021-643 5494
Telex: 339420 ROBSON G

ROBSON RHODES

For sale as a going concern

The business of Silvertown Engineering Co Ltd

Manufacturers and suppliers of high quality commercial lighting fittings.

- Long leasehold factory in Braintree, Essex
- Advanced CNC production facilities
- Computer aided design and test equipment

For further particulars apply to S S James, Joint receiver and manager

TML KMG
Thomson McLintock & Co
70 Finsbury Pavement, London EC2A 1SX

FOR SALE
MANUFACTURING COMPANY BRITISH OFFSHORE TAXHAVEN

Due to the Managing Director's ill health an old established family run manufacturing company situated in a British offshore taxhaven is for sale. The company produces high quality goods, has an impressive growth record and makes a six figure profit. A purchase price in the region of £1 million is anticipated. For further details please contact:

G. I. Langley
PANNELL KERR FORSTER
3 Horsefair Street, Leicester

FOR SALE
SPAIN

English builder offers completed villas for sale plus land for further development

VALLE DEL SOL
(Close Marbella)

Details on request:
051-647 7750

FOR SALE
ANTHRACITE MINING PROPERTY — USA

British Mining Consultants Limited has been retained to offer for sale the surface mining rights on a tract of approx. 29.2 sq km, containing reserves of approx. 68 million tonnes in Pennsylvania, USA, including a new, unused 34 cu m walking dragline with power directly connected. Water and rail facilities are on site. Generalised description provided on application. Complete description of reserves, mining feasibility, market and legal status being prepared.

Contact:
Mr A Cross, Company Secretary, British Mining Consultants Limited
PO Box 18, Mill Lane (off Common Road), Huthwaite
Sutton-in-Ashfield, Nottinghamshire NG17 2NS, England

PROFITABLE INSURANCE BROKERAGE FOR SALE

Well established - Good client account

Would merge well with existing professional body or organisation. Chairman shortly to retire from active participation. Substantial cash offers required for this excellent business opportunity.

Replies invited from Principals only with company or status references to The Chairman, Box G9242 Financial Times, 10 Cannon Street, London EC4P 4BY

HIGHLY MODERN BEVERAGE PRODUCTION AND BOTTLING PLANT

In Hamburg/Germany offers because of an internal change of structure, on one side the possibility of a joint venture. On the other side there are the possibilities of renting leasing and sale available. The plant is highly proved in the past by producing a world famous aperitif and is in every view expansible and very favourably situated trafficwise. If you are interested in this situation please contact us:

BEG Unternehmensberatungsgesellschaft mbH
Elberfelder Strasse 2
D-4000 Duesseldorf 1 - Telex: 08 587 197

TOOLMAKING BUSINESS PLASTIC INJECTION MOULDS

Well-established quality mould-making business in West Midlands for sale. Turnover c. £1m; freehold property with expansion possibilities close to Motorway; 40-plus employees; full management, engineering, design and production team. Substantial order book, wide customer spread. Tax losses available; usual warranties given. Unique opportunity to enter this high technological area. Principals only, to

Chairman, Box G9243, Financial Times
10 Cannon Street, London EC4P 4BY
or telephone evenings 0327 60303

RETAIL OFFICE EQUIPMENT BUSINESS

Profitable business in north of England for sale. Turnover in excess of £500,000 with impressive customer base and product range. Genuine reason for sale.

Write Box G9241, Financial Times
10 Cannon Street, London EC4P 4BY

COMPREHENSIVE WOODWORKING CAPACITY

Established company, occupying leasehold premises in rural Essex, for sale. Turnover 1982, £185,000 with gross profit of 49%. Net assets of approximately £60,000. Present owner retiring.

Principals only should write in confidence to:
D. I. Morris, BSc
Chartered Accountant
41 High Street, Wivenhoe
Colchester, Essex

FOR SALE AS A GOING CONCERN
MULTIPLE RETAIL COMPANY

Having 90 trading units throughout the U.K. Situated in Prime and Good Secondary Locations.

Principals only to reply, Ref: P.O.C.B.

Grimley & son
021-236 8236

FOR SALE AS A GOING CONCERN

Multiple Retail Company having 7 well located trading units throughout the north east of England.

Principals only to reply, Ref: P.O.C.B.

Grimley & son
021-236 8236

SCANDA-GLAZE PONTEFRACT

For sale as a going concern the goodwill and business assets of a well established company engaged in the design and manufacture of windows, patio doors and ancillary products for the home improvement market.

The company operates from leasehold premises with a well experienced work force. There is a good order book and current stocks of approximately £¼m.

Annual turnover is £2m with potential for expansion.

Further information from **The Joint Receivers Peter Flesher and Ipe Jacob, Eldon Lodge, Eldon Place, Bradford, West Yorkshire BD1 3AP. Telephone: 0274 734341. Telex: 51611.**

Thornton Baker

Jackson-Stops & Staff

By Order of The Receivers and Managers

A. F. M. SHEWELL, Esq.

FOR SALE FREEHOLD

Walton Hall Country Club and residential leisure complex on unique island in 26-acre lake, near Wakefield, Yorks

25 bedrooms, restaurants, bars, 6 squash courts, covered swimming pool, fishing, boating, water skiing, disco, gymnasium, solarium, etc

ALL FULLY EQUIPPED AND IN EXCELLENT ORDER AS A GOING CONCERN

Enquiries from bona fide interested purchaser to:
Hotel Dept, Jackson Stops and Staff
14 Curzon Street, London W1Y 7FH
Tel: 01-499 6291. Telex: 25375

NATIONAL AGENTS WITH LOCAL KNOWLEDGE

MENDELS FURNISHERS LTD
BUSINESS AND ASSETS FOR SALE

A well established household furnishers based in the Portsmouth area having two retail outlets, including a freehold property of approx. 10,000 sq. ft. and a large range of stock, fixtures and fittings. Turnover for year to July 1983 approx. £½m.

Enquiries to The Receiver and Manager P.R. Copp F.C.A. (ref PRC/GK) on 01-486 5888 or in writing.

Stoy Hayward & Partners
44 Baker Street, London W1M 1DH.

APPOINTMENTS

Butterfield
Bermudas First Bank

The Bank of Butterfield was established in 1858 and employs over 750 staff at its Head Office in Bermuda. Overseas offices are located in London, New York, California, Grand Cayman and Guernsey. Total assets, June 30, 1983 — BD$1.78 Billion.

TRADER MONEY MARKETS

We have immediate openings for experienced money market traders in Bermuda.

The preferred candidates will have two to three years experience in the International Money Market, and will have been active in the following areas:

- Euro Currency Deposits
- C.D.'s and Financial Futures
- Arbitrage Market.

The candidates should be mature and have demonstrated a good track record, an overall knowledge of banking activities would be an asset.

It is expected that the candidates will have achieved university level or equivalent with particular emphasis on mathematics and economics.

Excellent starting salary. Comprehensive staff benefits including re-location and housing assistance provided. There is no income tax in Bermuda.

Please submit a complete resume in confidence to:

Mr. Alan Greaves,
Senior Manager, Personnel & Administration,
The Bank of N.T. Butterfield & Son Ltd.,
P.O. Box 195,
Hamilton 5, Bermuda.

Closing date November 15th 1983

Finance Manager
P.A. Senior Partner c.£25,000

A dynamic LONDON STOCKBROKER requires an enthusiastic and energetic accountant to assist the senior partner with the financial control and management of the business. The firm operates internationally and sees the challenge of forthcoming changes in Stock Exchange regulations as a major opportunity for further development.

Candidates, male or female, aged 28-40, holding an accountancy qualification with an interest and experience in the securities market, should send career details in confidence to: Rob Beard (Ref LM559),
56-60 St Mary Axe, London EC3A 8BJ.

Spicer and Pegler Associates
INTERNATIONALLY SPICER AND OPPENHEIM

ART GALLERIES

BOB ELLIS. Carved wood sculpture and drawings at the Woodstock Gallery Ltd., 16 Woodstock St. London W1. October 31st to November 12th, 1983.

BROWSE & DARBY, 19, Cork St, W1. 01-734 7984. PAUL MAZE (1887-1979).

THE CLARENDON GALLERY, 8, Vigo St. 01-439 4557. Jointly with THE PARKIN GALLERY, 11, Motcomb St, SW1. 01-235 8144. "ARTISTS OF THE YELLOW BOOK AND THE CIRCLE OF OSCAR WILDE." 5 Oct-31 Oct. Clarendon Gallery: 5 Oct.-5 Nov. Parkin Gallery. Daily 10-6, Sats 10-12.30. Closes 4 November. St., W1. 01-491 3277. ANNUAL EXHIBITION OF SPORTING PAINTINGS.

5 NEWCOMERS TO CRANE KALMAN GALLERY: Patrick Hayman, Nino MacDonald, Bob Bourne, John Roav, and from Sweden, Mans Lagerholm. 26 October-12 November 1983. 178, Brompton Road, SW3. 01-584 7566.

PARKER GALLERY, 12a-12b, Berkeley Street, London W1X 5AD (opposite May Fair Hotel). Tel: 01-499 5906.

CLUBS

EVE has outlived the others because of a policy of fair play and value for money. Supper from 10-3.30 am. Disco and top musicians, glamorous hostesses, exciting floorshows. 189, Regent St. 01-734 0557.

LEGAL NOTICES

IN THE MATTER OF
CINDERELLA SHOES LIMITED
AND IN THE MATTER OF
THE COMPANIES ACT 1948

NOTICE IS HEREBY GIVEN that the creditors of the above-named Company, which is being voluntarily wound up, are required, on or before the 21st day of December 1983, to send in their full Christian and surnames, their addresses and descriptions, full particulars of their debts or claims, and the names and addresses of their Solicitors (if any), to the undersigned Surjit Kumar Singla, F.C.A., of Singla & Co., Chartered Accountants, of 423 Alexandra Avenue, Harrow, Middlesex HA2 9SE, the Liquidator of the said Company, and, if so required by notice in writing from the said Liquidator, are, personally or by their Solicitors, to come in and prove their debts or claims at such time and place as shall be specified in such notice, or in default thereof they will be excluded from the benefit of any distribution made before such debts are proved.

Dated this 24th day of October, 1983.
S. K. SINGLA, F.C.A.,
Liquidator.

IN THE MATTER OF
NATASHA SHOES LIMITED
AND IN THE MATTER OF
THE COMPANIES ACT 1948

NOTICE IS HEREBY GIVEN that the creditors of the above-named Company, which is being voluntarily wound up, are required, on or before the 21st day of December 1983, to send in their full Christian and surnames, their addresses and descriptions, full particulars of their debts or claims, and the names and addresses of their Solicitors (if any), to the undersigned Surjit Kumar Singla, F.C.A., of Singla & Co., Chartered Accountants, of 423 Alexandra Avenue, Harrow, Middlesex, HA2 9SE, the Liquidator of the said Company, and, if so required by notice in writing from the said Liquidator, are, personally or by their Solicitors, to come in and prove their debts or claims at such time and place as shall be specified in such notice, or in default thereof they will be excluded from the benefit of any distribution made before such debts are proved.

Dated this 25th day of October, 1983.
S. K. SINGLA, F.C.A.,
Liquidator.

COMPANY NOTICES

UNITED DOMINIONS TRUST LIMITED
U.S.$25,000,000
8½% Capital Bonds 1988

S. G. WARBURG & CO. LTD., announce that the redemption instalment of Bonds due 1st December, 1983 for a nominal value of U.S.$2,000,000 has been met by purchases in the market.

U.S.$15,500,000 nominal amount of Bonds will remain outstanding after 1st December, 1983.

30, Gresham Street,
London EC2P 2EB.
1st November, 1983.

NATIONAL BANK OF HUNGARY

U.S.$50,000,000 8½% BONDS 1987

NOTICE IS HEREBY GIVEN that holders of U.S.$117,000 nominal of the Bonds have exercised their right for the redemption of their holdings of such Bonds at par on 1st November, 1983. Following such redemption the nominal amount of bonds outstanding will be U.S.$3,749,000.

Fiscal Agent and Principal Paying Agent
MORGAN GRENFELL & CO. LIMITED
23 Great Winchester Street
London EC2P 2AX
1st November, 1983.

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TAKE THE PROFIT

ON YOUR NEW CAR INVESTMENT

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MYCAR

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Cairo: P.O. Box 2040. Tel: 751482.

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Geneva: 15 rue du Cendrier. Telex: 22589. Tel: 311604.

Hong Kong: Room 302a, Pedder Building, Pedder Street, Central. Telex: c/o Reuters, HK. Tel: 5-226/[illegible].

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Mexico City: Calle Sinaloa 54-500, Col Juarez, Mexico 6DF 06600. Tel: 592 5822.

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Rio de Janeiro: Rio Branco 45, Salas 2611-2612, Centro DEP 20090, Rio de Janeiro RJ Brazil. Tel: 263 8845. Telex: c/o Reuters.

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Stockholm: Editorial Svenska Dagbladet, Raalambsvagen 7. Telex: 17603. Tel: 50 60 88.

Tokyo: Editorial 8th Floor, Nihon Keizai Shimbun Building, 1-9-5 Otemachi, Chiyoda-ku. Fax: 245 0358. Tel: 241 2920. Advertising Kasahara Building, 1-6-10 Uchikanda, Chiyoda-ku. Telex: 127104. Tel: 295 4050.

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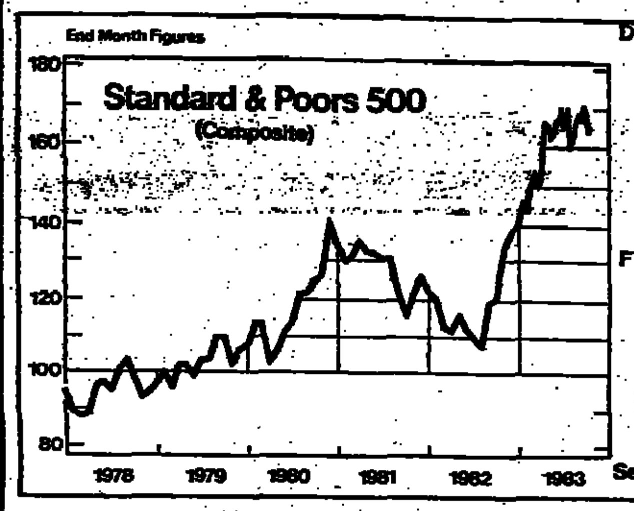
SECTION III – INTERNATIONAL MARKETS

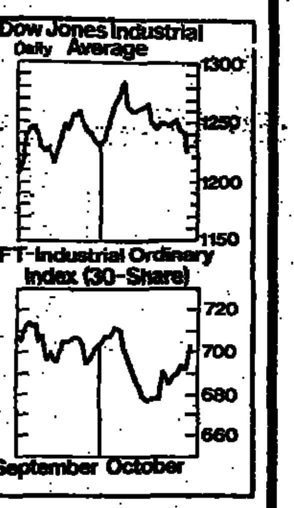
FINANCIAL TIMES

Tuesday November 1 1983

World Bank to tap 'bulldog' bond market, Page 38

KEY MARKET MONITORS





STOCK MARKET INDICES

	Oct 31	Previous	Year ago
NEW YORK			
DJ Industrials	1225.20	1223.48	991.72
DJ Transport	577.17	576.61	420.19
DJ Utilities	140.70	139.26	119.19
S&P Composite	164.52	163.37	133.71
LONDON			
FT Ind Ord	703.1	691.1	610.9
FT-A All-share	437.38	431.09	377.6
FT-A 500	474.38	466.98	419.25
FT-A Ind	431.96	425.58	388.14
FT Gold mines	481.3	475.8	397.6
FT Govt secs	82.07	81.70	85.49
TOKYO			
Nikkei-Dow	9356.79	9321.37	7259.15
Tokyo SE	685.51	683.3	539.71
AUSTRALIA			
All Ord.	687.4	682.7	504.6
Metals & Mins.	511.9	504.2	407.4
AUSTRIA			
Credit Aktien	54.05	54.25	47.4
BELGIUM			
Belgian SE	closed	122.73	98.35
CANADA			
Toronto Composite	2361.08	2360.3	1774.0
Montreal Industrials	415.12	416.11	318.21
Combined	399.28	399.73	302.76
DENMARK			
Copenhagen SE	196.15	199.05	90.63
FRANCE			
CAC Gen	closed	141.3	100.3
Ind. Tendance	closed	149.5	119.3
WEST GERMANY			
FAZ-Aktien	341.11	339.28	231.64
Commerzbank	1012.2	1006.9	700.8
HONG KONG			
Hang Seng	865.22	826.13	771.9
ITALY			
Banca Comm	185.65	185.71	163.89
NETHERLANDS			
ANP-CBS Gen	136.9	137.1	95.1
ANP-CBS Ind	111.6	112.0	74.3
NORWAY			
Oslo SE	201.54	203.38	104.6
SINGAPORE			
Straits Times	943.8	948.89	715.4
SOUTH AFRICA			
Golds	675.3	691.6	708.0
Industrials	889.9	891.2	685.9
SPAIN			
Madrid SE	closed	125.23	101.65
SWEDEN			
J & P	1427.76	1436.33	729.7
SWITZERLAND			
Swiss Bank Ind	346.3	345.9	262.0
WORLD	Oct 28	Prev	Yr ago
Capital Int'l	177.9	178.9	142.1

GOLD (per ounce)

	Oct 31	Prev
London	$382.875	$386.625
Frankfurt	$382.00	n/a
Zürich	$382.75	n/a
Paris (fixing)	closed	n/a
Luxembourg (fixing)	$383.00	$387.40
New York (Nov)	$376.00*	$381.20

Indicates latest pre-close figure

CURRENCIES

(London)	U.S. DOLLAR Oct 31	U.S. DOLLAR Previous	STERLING Oct 31	STERLING Previous
$	–	–	1.4955	1.4955
DM	2.63	2.6215	3.935	3.9225
Yen	234	232.7	350	348.25
FFr	8.0	7.9925	11.975	11.935
SwFr	2.141	2.131	3.2025	3.19
Guilder	2.94675	2.941	4.41	4.4
Lira	1598.25	1592.5	2390	2381.5
BFr	53.48	53.25	79.8	79.65
C$	1.23245	1.23225	1.843	1.8425

INTEREST RATES

	Oct 31	Prev
Euro-currencies (three month offered rate)		
£	9⅝	9 7/16
SwFr	4¼	4 13/16
DM	5 9/16	5⅞
FFr	12 15/16	13
FT London Interbank fixing (offered rate)		
3-month U.S.$	9⅝	9 11/16
6-month U.S.$	9 13/16	9 15/16
U.S. Fed Funds	9½	9⅝
U.S. 3-month CDs	9.25	9.4
U.S. 3-month T-bills	8.50	8.60

U.S BONDS

Treasury	Oct 31 Price	Oct 31 Yield	Prev Price	Prev Yield
10½ 1985	99 29/32	10.56	99 31/32	10.53
11½ 1990	99 11/32	11.60	99 23/32	11.50
11⅞ 1993	100 23/32	11.72	101 13/32	11.61
12 2013	101 19/32	11.80	102 12/32	11.70
Corporate	Oct 31 Price	Oct 31 Yield	Prev Price	Prev Yield
AT & T				
10⅜ June 1990	93¾*	11.75*	93¾	11.75
3⅞ July 1990	68¾*	10.50*	68¾	10.50
8⅝ May 2000	76*	12.15*	76	12.15
Xerox				
10⅞ March 1993	92⅜*	12.05*	92⅜	12.05
Diamond Shamrock				
10⅜ May 1993	90⅞*	12.30*	90⅞	12.30
Federated Dept Stores				
10⅝ May 2013	87.132*	12.25*	87.132	12.25
Abbot Lab				
11.80 Feb 2013	96.396*	12.25*	96.396	12.25
Alcoa				
12¼ Dec 2012	96.16*	12.75*	96.16	12.75

FINANCIAL FUTURES

CHICAGO	Latest	High	Low	Prev
U.S. Treasury Bonds (CBT) 8% 32nds of 100%				
December	70–22	71–05	70–25	70–30
U.S. Treasury Bills (IMM) $1m points of 100%				
December	91.14	91.22	91.12	91.12
Certificates of Deposit (IMM) $1m points of 100%				
December	90.46	90.53	90.46	90.44
LONDON				
Three-month Eurodollar $1m points of 100%				
December	90.35	90.37	90.31	90.35
20-year Notional Gilt £50,000 32nds of 100%				
December	108–04	108–06	107–17	107–16

COMMODITIES

(London)	Oct. 31	Prev
Silver (spot fixing)	584.20p	602.15p
Copper (cash)	£931.00	£936.50
Coffee (Nov)	£1835.00	£1846.50
Oil (spot Arabian light)	$28.57	$28.60

WALL STREET

Caribbean concerns recede

A GREAT DEAL of calm was re-established on Wall Street yesterday as tensions in the Caribbean appeared to slacken and investors turned their attention back to domestic considerations, *writes Terry Byland in New York.*

The bond market held firm in response to Friday's news of a $2.4bn fall in M1 money supply, although the delay in Senate approval for the new debt ceiling tended to keep major investors on the sidelines.

The danger that the continued upturn in the U.S. economy may bring a surge in borrowing demand and force interest rates higher was again discounted by some market gurus, who pointed to the rise of only 0.9 per cent in September for the Commerce Department's batch of leading indicators.

The stock market remained cautious and widespread gains chalked up by leading stocks during the morning had been virtually wiped out by the end of the session. The Dow Jones industrial average closed only 1.72 up at 1225.20, having touched 1232.83 earlier.

Turnover was moderate at 79.7m shares, and selling across the broad range of the market was reflected in 842 stocks showing losses against 766 with gains. Both the American Stock Exchange and the NASDAQ market indices closed lower. Merck, the pharmaceutical group, jumped $1⅝ to $95⅝, Union Carbide added $¼ to $65⅝ and General Motors $½ to $77½.

The Dow Jones index closed 1.72 up at 1,225.20.

The much-battered personal computer sector braced itself ahead of the expected introduction today of IBM's much-heralded new product, the PC Junior or Peanut as it is better known.

The Peanut is widely regarded as a serious challenge to the rest of the industry as well as a test of IBM's strength in the personal computer market.

Texas Instruments jumped $22¾ to $124½ as investors made a more measured response to Friday's decision by the company to quit the personal computer market altogether.

On Friday, Texas Instrument stock fell $4¼ but investors evidently decided at the weekend that earnings prospects would benefit from the closure of a heavily lossmaking division.

Commodore International, with its place at the top of the league table in the home computer market shaken last week by adverse press comment, regained $2¾ to $34¼.

Major mainframe computer makers also continued to find buyers. The best spot was again Honeywell, still benefitting from a link with NEC of Japan; it jumped $⅞ to $123½. Burroughs held steady at $48½.

Results for the third quarter from the major aircraft makers brought a rise of $¼ to $50⅝ for McDonnell Douglas and $¼ to $38⅞ in Boeing.

Chemical shares continued to benefit from recently announced results for the quarter. Monsanto, a casualty of bearish brokerage comment last week, regained $5⅝ to $106⅞. Dow Chemical put $¼ to $34½.

ICI of the UK, shares in which begin trading today on the New York Stock Exchange, had an active session on the American Stock Exchange (Amex) where it already trades in the form of American Depositary Receipts (ADRs). It topped the Amex active list with 1.2m shares turned over and gained $⅛ to $8⅞.

U.S. investors have been buyers of Imperial Chemical as high as $9⅛ after taking a more bullish view of earnings prospects than the UK market has done. ADRs in the group will continue to trade on the Amex.

Firestone Tire added $⅞ to $21⅞ after announcing higher prices and increased capital expenditure plans. Ogden, $¼ higher at $29⅝, benefited from higher profits, and Eastman Kodak at $66⅝ was unchanged despite announcing a new colour film product.

Bank shares turned more confident as the Grenada upheaval appeared to be approaching a speedy solution Chase Manhattan added $⅝ to $43¼ and Citicorp at $31⅛ was $⅝ better.

Credit markets were pleased with Friday's news on money suuply. Treasury bills received a further boost when the U.S. Treasury reduced the size of the weekly auction because of delays in the approval for the debt ceiling. Three month bills slipped nine basis points to a discount of 8.50 per cent and the six-month eight basis points to 8.74 per cent.

The bond market was idle until mid-afternoon when the key long had slipped back to 101½, almost one point down and yielding 11.79 per cent.

EUROPE

Foreigners favour Frankfurt

CONTINUING CONCERN over events in the Caribbean and Middle East kept investors away yesterday from most of the European bourses, which were already quiet ahead of today's public holiday in many centres.

Frankfurt proved an exception, however, and heavy foreign demand for selected blue chip issues around midsession enabled the Commerzbank to build on Friday's gain, registering a 5.3 advance to 1,012.2.

The insurance sector provided the day's star performer in Allianz, which soared DM 48 to DM 822 – an increase of DM 146 over the past three weeks.

The latest surge is attributed to speculation that Allianz may be considering a reorganisation under a holding company structure through which it could handle life assurance. At present it is mainly a motor and property insurer and under West German law cannot deal directly in life business.

Allianz's bid for control of the British insurer, Eagle Star, which has been formally rejected by Eagle, is now being discounted as a reason for the current rise.

A high level of turnover was seen in chemicals issues and the sector was led up by BASF which added DM 3.40 to DM 164.40. Hoechst advanced DM 3 to DM 178.40, as did Bayer to DM 163.

The debt crisis in Latin America and the continuing high level of domestic corporate insolvencies made banks a nervous sector. Deutsche rose DM 1.10 to DM 315.20 and Commerzbank 80 pfg to DM 173.90. Dresdner was unchanged at DM 175 while Bayerische Hypo fell DM 4.50 to DM 285.50 and Bayerische Verein DM 3 to DM 320.

Domestic bonds held steady with the positive influence of the latest fall in U.S. M1 money supply counterbalanced by the strength of the dollar against the mark.

Shares ended mixed, though with a firmer bias, in **Zurich** with heavy turnover registered in the chemicals sector.

Swissair opened sharply below Friday's levels following reports that the company may incur write-offs on revenue currently blocked in heavily indebted developing countries. The shares closed down SwFr 12 at SwFr 885.

Bonds were mixed as investors held off amid uncertainty over interest rates.

Declines in some bank issues in **Amsterdam** were attributed to uncertainty over future Argentine policy on its debt following the weekend election.

ABN was Fl 1 lower at Fl 346.50 after opening Fl 2 lower, while Amro shed 30 cents to Fl 57.20 and NMB the same amount to Fl 141.50. Boskalis, which has building projects under way in Argentina, fell Fl 2.50 to Fl 40.50.

Most prices ended marginally lower in **Milan** in very thin trading, although the trend was partly reversed in unofficial after-bourse trading. **Stockholm** ended narrowly mixed in moderate trading.

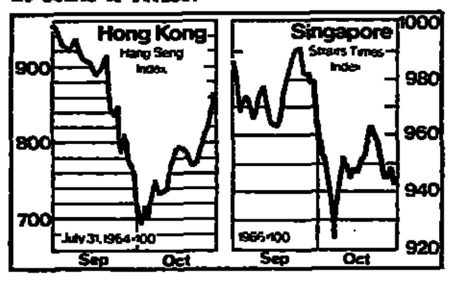
Paris and **Brussels** were closed for a public holiday.

HONG KONG

RENEWED speculation about an imminent cut in local interest rates in Hong Kong prompted late buying which lifted prices to close at their high for the day.

The Hang Seng index ended 39.09 ahead at 865.22. The index has risen 175 points from its 1983 low of 690 set on October 4.

Gains in the property sector included Cheung Kong which added 45 cents to HK$7.15, Hongkong Land 40 cents to HK$2.80, Sun Hung Kai Properties 40 cents to HK$4.67 and Swire Properties 20 cents to HK$5.



SINGAPORE

SOME slight selling into a thin market left shares lower in Singapore and the Straits Times index was 5.09 lower at 943.80.

Plantation issues were among the most active shares with Consolidated Plantations down 8 cents to S$3.04. K L Kepong eased 7 cents to S$2.95 after its takeover of Kemasul Rubber Estates for S$4.6m ringgits ($1m).

AUSTRALIA

WIDESPREAD gains in the resource sector enabled shares to maintain the firmer tone established in Sydney on Friday.

An increase in base metals prices is attributed to demand by investors who believe that firmer copper prices could signal a bottoming-out in the sector.

CRA firmed 12 cents to A$5.50 and was heavily traded off-market while BHP added 25 cents to A$2.25 after announcing that its heavy engineering division will merge with Vickers Australia to form a new, publicly listed company.

SOUTH AFRICA

A WEAKER rand acted to stem the slide in Johannesburg gold shares being prompted by bullion's retreat, as the mines' export revenues were thereby enhanced and the shares took on a currency discount to overseas investors.

This was not enough, however, to prevent a R2.50 fall in Vaal Reefs at the heavy end to R107 and proportionately greater dips by cheaper-priced issues: Bracken shed 25 cents to R3.20.

CANADA

FURTHER SHARP setbacks for Toronto golds did not succeed in upsetting base metal issues too severely, while firm gains were established among oils and property stocks.

Montreal showed modest improvements, with most of the strength residing in the banks.

TOKYO

Small-lot purchases predominate

SMALL-LOT buying of blue chips and incentive-backed issues helped push up the Nikkei-Dow average in Tokyo yesterday, though investors remained discouraged by tension in the Middle East and the Caribbean and the continuing domestic political confusion, *writes Shigeo Nishiwaki of Jiji Press.*

The Dow market average added 55.23 to finish at 9,356.79 after two successive sessions of small declines. But volume shrank to 210.95m shares against 371.91m of the previous full-day session last Friday. Advances outpaced declines by 376 to 227, with 197 issues unchanged.

Widespread buying in small lots in the absence of active selling came chiefly in anticipation of a Wall Street advance

Sony rose Y50 to Y3,530, TDK Y130 to Y4,290, Hitachi Y5 to Y870, and Honda Motor Y34 to Y1,030. But Fuji Photo and NEC were unchanged at Y2,020 and Y1,290 respectively. Some high-priced issues also advanced. KDD gained Y760 to Y13,000, Kyocera Y150 to Y7,140 and Fanuc Y380 to Y8,590.

Sumitomo Electric Industries, the largest cable maker, rose Y29 to Y679 on revived buying in connection with the Information Network System (INS), a new nationwide digital communications network planned by Nippon Telegraph and Telephone Public Corp.

Steady foreign buying pushed up Teijin Y8 to Y391 and Japan Synthetic Rubber Y29 to Y427. Japan Synthetic Rubber was the volume leader, with 92.62m shares changing hands, followed by Nippon Steel, which gained Y1 to Y168 on 72.34m traded.

Matsuzakaya shot up Y75 to Y595 on speculation stock cornering. But some incentive-backed issues lost investor favour, with Aoki Construction losing Y39 to Y831 and Tokyu Construction Y37 to Y621.

Both buyers and sellers moved to the sidelines on the bond market on the final day of the month. Rumours that the Finance Ministry would make a tender offer for Y300bn to Y400bn worth of three-year government bonds, possibly today, helped reinforce the wait-and-see attitude of institutional investors.

LONDON

Potent start to account

EXPECTATIONS that London stock markets would start the new trading account strongly yesterday were fully realised. The FT Industrial Ordinary index recorded its second largest rise of the month – up 12 at 703.1 – while government stocks were far from overshadowed and longer-dated issues advanced a full point.

Institutions showed a revived interest in consumer-oriented areas such as stores, breweries and electricals while ICI, awaiting today's Big Board listing in New York, closed 8p dearer at 588p.

Trade in short-dated gilts was inhibited by a £300m call on the partly-paid short tap, Treasury 9¾ per cent Convertible 1988, which closed at £60 11/16, up ⅛.

South African golds remained under pressure. A fall in bullion to its lowest since August 1982 brought falls ranging to £2 in heavyweights. *Details, page 31; Share information service, pages 32-33.*

NEW YORK STOCK EXCHANGE COMPOSITE CLOSING PRICES

12 Month High	12 Month Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

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AMERICAN STOCK EXCHANGE COMPOSITE CLOSING PRICES

12 Month High	12 Month Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
22⅞	8⅛	AAV	.32	2.0	12	22	16⅞	16⅞	16⅞	
4¾	3	AIC Ph				2	3⅜	3⅜	3½	+⅛
6⅞	2⅞	ATI				32	2¾	2¾	2¾	
12¼	2⅛	AcmePr			8	20	5⅝	5⅝	5⅝	+¼
19¾	11⅞	AcmU	s .32	2.4	14	12	13⅝	13⅝	13⅝	−⅛
14½	3⅞	Action	s		9	193	11⅞	10⅞	11⅛	−⅛
12	6⅛	Adams	.11	1.5	32	87	7⅛	6⅝	6⅝	
6½	1½	Adm	wt			44	3	2¾	3	+¼
8	1⅝	AdmRs				27	4⅛	4	4	+⅛
30⅞	17⅛	AdRusl	s .10	.4	15	63	22¾	22⅛	22¼	+½
28⅞	14¾	Adobe	.24	1.2	23	41	19⅝	19⅝	19⅝	
5½	2	AeroCp			13	97	3½	3⅜	3⅜	
7	4	Aeronca			8	225	4⅛	4⅛	4⅛	+⅛
32½	14⅞	AlHlsp	.36	1.5	10	3	23⅞	23¼	23⅞	
45	19¾	AlbPb	s .64	1.5	17	1	43¾	43¾	43¾	+¼
17½	4⅞	AlISci			9	77	12⅞	11½	11⅞	+⅜
15½	5⅞	AirExp				7	6½	6⅞	6⅞	−⅛
6⅞	4⅞	Alamc	n		10	54	5¼	5	5	
23⅞	4½	AlbaW	.15e	1.2	8	16	12⅞	12⅛	12⅛	−⅛
12¼	3	AlbTr	s			5	5½	5½	5½	−¼
12¼	7¼	AlmySt		.18		24	11⅜	10⅞	11⅜	+⅝
10½	6⅝	AlphaA				28	5⅞	5⅞	5⅞	
28⅞	15⅞	Alphal	s .05	.3	26	42	19½	19	19⅞	+⅜
22	10⅛	Altamil	.40	1.8	12	3	21¾	21⅝	21⅝	
1⅞	⅛	Altec	vj			217	⅛	½	½	−⅛
2⅞	1⅛	Altex				68	1⅞	1⅝	1⅝	−⅛
11-16	1-16	Altex	wt			53	7-16	⅜	⅜	
37	28½	Alcoa	pf3.75	11.		z50	34	34	34	
32½	15⅝	AlzaCp				337	16⅞	16	16¼	−⅛
29⅞	13⅞	Amdhl	s .20	1.1	27	288	17⅞	17⅛	17½	
25¼	6⅞	Amedo	s .08	.6	18	79	15⅜	14¼	14⅞	+⅜
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Continued on Page 30

NEW YORK STOCK EXCHANGE COMPOSITE CLOSING PRICES

Continued from Page 28

12 Month High	12 Month Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Continued on Page 30

Sales figures are unofficial. Yearly highs and lows reflect the previous 52 weeks plus the current week, but not the latest trading day. Where a split or stock dividend amounting to 25 per cent or more has been paid, the year's high-low range and dividend are shown for the new stock only. Unless otherwise noted, rates of dividends are annual disbursements based on the latest declaration.

a-dividend also extra(s). b-annual rate of dividend plus stock dividend. c-liquidating dividend. cld-called. d-new yearly low. e-dividend declared or paid in preceding 12 months. g-dividend in Canadian funds, subject to 15% non-residence tax. i-dividend declared after split-up or stock dividend. j-dividend paid this year, omitted, deferred, or no action taken at latest dividend meeting. k-dividend declared or paid this year, an accumulative issue with dividends in arrears. n-new issue in the past 52 weeks. The high-low range begins with the start of trading. nd-next day delivery. P/E-price-earnings ratio. r-dividend declared or paid in preceding 12 months, plus stock dividend. s-stock split. Dividends begins with date of split. sls-sales. t-dividend paid in stock in preceding 12 months, estimated cash value on ex-dividend or ex-distribution date. u-new yearly high. v-trading halted. vi-in bankruptcy or receivership or being reorganised under the Bankruptcy Act, or securities assumed by such companies. wd-when distributed. wi-when issued. ww-with warrants. x-ex-dividend or ex-rights. xdis-ex-distribution. xw-without warrants. y-ex-dividend and sales in full. yld-yield. z-sales in full.

WORLD STOCK MARKETS

AMERICAN STOCK EXCHANGE CLOSING PRICES

Continued from Page 29

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NEW YORK CLOSING PRICES

Continued from Page 29

[illegible]

CANADA

[illegible]

DENMARK

Oct. 31	Price Knr %	+ or —
Aarhus Olie	470	.....
Andelsbanken	285	−4
Baltica Skand	633	−10
CopHandelsbank	266	−3
D. Sukkerfab	651xr	.....
Danske Bank	288	−4
East Asiatic	145	−4
Forende Brygg	1,335	.....
Forende Damp	195	.....
GNT Hldg	625	−5
I.S.S.B.	760	−5
Jyske Bank	595	−16
Novo Ind	3,125	.....
Privatbanken	284	−6
Provinsbanken	330	−5
Smidth (Fl)	255	−2
Sophus Berend	990	.....
Superfos	456	+6

FRANCE

Oct. 28	Price Frs.	+ or —
Emprunt 4½% 1973	1,915	+12
Emprunt 7% 1973	9,360	−120
CNE 3%	3,050	+10
Air Liquide	493	−6
BIC	687	+28
Bouygues	706	+3
BSN Gervais	2,350	.....
CIT-Alcatel	1,409	−1
Carrefour	1,300	.....
Club Mediter'n	647	−2
CFAO	631	−2
Cie Bancaire	347	−1
Cofimeg	179.4	+5.6
Creusot Loire	50.0	−0.4
Darty	653	−12
Dumez	865	.....
Eaux (Cie Gen)	434	−2
Elf-Aquitaine	169.0	+1.3
Gen. Occidental	685	−1
Imetal	65.5	−0.6
Lafarge Coppee	245	.....
L'oreal	1,999	+11
Legrand	1,880	−18
Maisons Phenix	361	+3
Matra	985	−15
Michelin B	765	−10

[illegible]

NETHERLANDS

Oct. 31	Price Fls.	+ or —
ACF Holding	168	+0.5
Ahold	159	.....
AKZO	74.8	−0.2
ABN	346.5	−1
AMEV	130.8	−0.4
AMRO	57.8	−0.3
Bredero Cert	180.5	+0.5
Boskalis Westm	40.5	−2.5
Buhrmann-Tet	49.8	−0.2
Caland Hldgs	32.5	.....
Credit Lyon'is Bk	40.2	−0.8
Elsevier-NDU nv	425	−7
Ennia	164	−0.5
Euro Assets Tst	—	.....
Gist-Brocades	150	−2
Heineken	125.4	+0.4
Hoogovens	33	−0.6
Hunter Douglas	17.6	.....
Int-Muller	28.1	−0.7
KLM	158.8	+2.8
Naarden Intl	37.7	−0.3
Nat Ned Cert	172.3	+0.5
Ned. Credit Bank	31.8	+0.1
Ned Mid Bank	141.5	−0.3
Nedlloyd	96.8	−0.2
Oce Grinten	205.2	−0.3
Ommeren (Van)	31.7	+0.7
Pakhoed	54	−0.5
Philips	45.7	+0.1
Rijn-Schelde	4.2	+0.7
Robeco	314.3	−1.2
Rodamco	128.7	+0.1
Rolinco	301.2	−0.3
Rorento	196.5	.....
Royal Dutch	127.1	+1.9
Unilever	231.9	−0.3
VMF Stork	84.5	+1
VNU	114.2	−1.8
West Utr Bank	103	+0.3

NORWAY

[illegible]

SPAIN

[illegible]

GERMANY

[illegible]

SWEDEN

[illegible]

SWITZERLAND

[illegible]

AUSTRIA

[illegible]

BELGIUM/LUXEMBOURG

[illegible]

ITALY

[illegible]

AUSTRALIA

[illegible]

HONG KONG

[illegible]

JAPAN

[illegible]

JAPAN (continued)

[illegible]

SINGAPORE

[illegible]

SOUTH AFRICA

[illegible]

NOTES — Prices on this page are as quoted on the individual exchanges and are last traded prices. § Dealings suspended. xd Ex dividend. xc Ex scrip issue. xr Ex rights. xa Ex all.

Indices

NEW YORK-DOW JONES

	Oct 31	Oct 28	Oct 27	Oct 26	Oct 25	Oct 24	1983 High	1983 Low	Since Compilat'n High	Since Compilat'n Low
Industrials	1225.2	1223.48	1242.07	1243.8	1252.44	1248.98	1272.15 (7/10)	174.38 (11/1)	1272.15 (7/10/83)	41.22 (2/7/32)
Transport	577.17	576.61	588.44	588.25	590.57	593.29	593.29 (24/10)	434.24 (3/1)	593.29 (24/10/83)	12.23 (8/7/32)
Utilities	140.7	139.26	139.69	140.22	139.6	139.87	140.22 (27/10)	119.46 (3/1)	163.32 (20/4/65)	10.05 (28/4/42)
Trading vol 1000's†	7946	8118	7957	7957	8253	8642	-	-	-	-

	Oct 21	Oct 14	Oct 7	(Year Ago Approx)
Ind div yield %	4.46	4.41	4.38	5.40

STANDARD AND POORS

	Oct 31	Oct 28	Oct 27	Oct 26	Oct 25	Oct 24	1983 High	1983 Low	Since Compilat'n High	Since Compilat'n Low
Industrials	183.94	183.8	185.53	186.22	187.8	187.88	193.22 (22/8)	154.95 (3/1)	193.22 (22/8/83)	3.52 (30/6/32)
Composite	163.55	163.37	164.84	165.38	166.47	165.99	170.99 (22/6)	138.34 (3/1)	170.99 (22/6/83)	4.4 (1/6/32)

	Oct 19	Oct 12	Oct 5	Year Ago (Approx)
Ind div yield %	3.93	3.86	3.98	4.89
Ind. P/E Ratio	14.45	14.73	14.51	10.20
Long Gov Bond Yield	11.38	11.57	11.21	10.52

N.Y.S.E. ALL COMMON

Oct 31	Oct 28	Oct 27	Oct 26	1983 High	1983 Low
-	-	-	-	442.62 (6/5)	79.79 (3/1)

RISES AND FALLS

	Oct 31	Oct 28	Oct 27
Issues traded	1982	1929	1933
Rises	775	657	613
Falls	844	892	918
Unchanged	363	388	402

MONTREAL

	Oct 31	Oct 28	Oct 27	Oct 26	1983 High	1983 Low
Industrials	415.12	416.11	419.8	422.37	483.88 (5/5)	329.12 (4/1)
Combined	399.28	398.73	402.95	405.23	441.29 (26/9)	319.46 (5/1)
TORONTO Composite	2361.0	2368.3	2371.8	2384.5	2598.2 (26/9)	1949.9 (4/1)

U.S. INDICES: CLOSING VALUES. YESTERDAY'S CANADIAN INDICES: LATEST AVAILABLE

	Oct. 31	Oct. 28	Oct. 27	Oct. 26	1983 High	1983 Low
AUSTRALIA						
All Ord. (1/1/80)	687.34	682.7	677.2	677.4	738.7 (12/9)	487.8 (4/1)
Metals & Minls. (1/1/80)	511.9	504.2	499.1	500.1	614.2 (5/3)	411.8 (4/1)
AUSTRIA						
Credit Aktien (2/1/62)	54.95	54.25	54.52	(c)	58.6 (5/5)	48.48 (12/5)
BELGIUM						
Belgian SE (31/12/63)	(c)	122.73	123.60	124.11	154.45 (1/8)	108.50 (4/1)
DENMARK						
Copenhagen SE (3/1/83)	196.15	199.05	200.54	198.70	204.22 (15/9)	100.00 (3/1)
FRANCE						
CAC General (31/12/82)	(c)	141.3	141.2	141.2	141.5 (17/10)	96.1 (3/1)
Ind Tendance (31/12/82)	(c)	149.6	149.6	149.6	150.7 (17/10)	99.0 (3/1)
GERMANY						
FAZ-Aktien (31/12/58)	341.11	339.28	338.28	340.06	345.06 (25/10)	241.89 (25/1)
Commerzbank (Dec 1953)	1012.2	1006.9	1005.4	1009.2	1017.5 (25/10)	727.8 (25/1)
HONG KONG						
Hang Seng Bank (31/7/64)	865.22	826.15	815.28	797.86	1102.64 (21/7)	690.06 (4/10)
ITALY						
Banca Comm Ital. (1972)	185.65	185.71	185.92	185.92	214.95 (21/)	180.45 (10/1)
JAPAN**						
Nikkei Dow (16.5/49)	9356.78	9321.87	9523.98	9246.55	9563.25 (12/10)	7805.18 (25/1)
Tokyo SE New (4/1/68)	685.51	685.50	683.58	678.75	699.60 (7/10)	574.51 (25/1)
NETHERLANDS						
ANP CBS General (1970)	156.9	157.1	157.4	158.6	144.8 (11/10)	100.1 (4/1)
ANP CBS Indust (1970)	111.6	112.0	112.4	113.9	118.4 (10/10)	83.5 (4/1)
NORWAY						
Oslo SE (4/1/83)	281.54	203.68	205.88	207.60	217.60 (10/10)	98.01 (4/1)
SINGAPORE						
Straights Times (1966)	945.80	948.69	945.62	945.62	992.52 (25/8)	712.29 (5/1)
SOUTH AFRICA						
Gold (1958)	(u)	881.5	(u)	727.1	1000.5 (1/2)	691.8 (28/10)
Industrial (1958)	(u)	881.2	(u)	901.8	968.7 (28/6)	794.5 (5/1)
SPAIN						
Madrid SE (31/12/82)	(c)	125.25	125.25	122.41	125.25 (28/10)	98.32 (11/1)
SWEDEN						
Jacobson & P. (1/1/58)	1427.76	1436.33	1438.24	1422.78	1528.60 (6/9)	896.18 (3/1)
SWITZERLAND						
SwissBankCpn. (31/12/58)	349.3	345.9	344.3	342.8	347.0 (4/8)	294.4 (4/1)
WORLD						
Capital Intl. (1/1/70)	—	177.9	178.9	179.9	185.8 (10/10)	154.5 (3/1)

(**) Saturday Oct. 29: Japan Nikkei-Dow 9301.56 TSE 682.36.
Base values of all indices are 100 except Australia All Ordinary and Metals—500. NYSE All Common—50; Standard and Poors—10; and Toronto—1,000; the last named based on 1975. † Excluding bonds. ‡ 400 industrial. § 400 Industrials plus 40 Utilities, 40 Financials and 20 Transports. c Closed. u Unavailable.

LONDON STOCK EXCHANGE

MARKET REPORT

Revived optimism leaves equity index 12 up at 703.0 and Gilt-edged a point higher

Account Dealing Dates
Option

*First Dealings	Declarations	Last Dealings	Account Day
Oct 17	Oct 27	Oct 28	Nov 7
Oct 31	Nov 10	Nov 11	Nov 21
Nov 14	Nov 24	Nov 25	Dec 5

* "New-time" dealings may take place from 9.30 am two business days earlier.

Expectations that London stock markets would start the new trading Account strongly were fully realised yesterday. Leading shares surged forward to the extent that the FT Industrial Ordinary Share Index recorded its second largest rise of the month, while Government stocks were far from overshadowed and longer-dated stocks advanced a full point.

Favourable economic pointers, including the London Business School's latest survey and brokers' optimistic views on the extent of manufacturing industry's recovery and on inflation trends, which reinforced recent official findings, encouraged investors.

Wall Street's late weakness on Friday was ignored by both institutional and smaller clients with the former showing a revived interest in consumer-orientated areas of the market. These embraced Stores, Breweries and Electricals where demand was again fuelled by hopes that any cut in mortgage rates would spark off increased pre-Christmas spending. Properties continued their market re-rating with sentiment boosted by reports of cheaper money through the Government engineering a reduction this month in clearing bank base rates.

The FT 30-share index was nearly 6 points up at 10 am and three hours later breached the 700 level for the first time in nearly three weeks to close 12 points higher at 703.1.

Awaiting today's big broad listing on the New York Stock Exchange, ICI attracted further support with buyers assuming that the Chairman's promotional tour of the U.S. could only increase American interest in the shares; after rising to 590p at one stage, ICI closed dearer on the day at 588p.

Leading Oils perked up considerably from recent depression caused by fears of a world oil glut, but settled below the best. The recent revival in speculative Irish oils continued, however, with Atlantic Resources, Aran Energy and Bula Resources all very prominent.

Encouraged by the latest U.S. money supply figures announced last Friday—the M1 measure fell by £2.4bn—and also strengthening prospects of lower UK inflation, Government securities staged a broad advance. Longer-dated stocks rose a full point, but the shorts managed gains of only ½. Trade in the latter was inhibited by yesterday's £800m call on the partly-paid short tap, Treasury 9¾ per cent Convertible '88, which ended at £60⅛, up ⅛. The FT Government Securities index close 0.37 up at 82.07, its biggest rise since September 19.

The beleaguered South African gold share market remained under pressure. AR fresh fall in the bullion price to $382⅞ an ounce, its lowest level since 19 August, 1982, prompted persistent selling which brought falls ranging to £2 in heavyweight shares; the FT Gold Mines index subsequently dropped 14.5 more to 461.3 which compares with its 1983 and all-time peak of 734.7, attained on February 15.

Eagle Star slip

Eagle Star shed 8 to 520p on worries that the Allianz bid could be referred to the Monopolies Commission; Allianz rose 5 points to a peak of £197. Other Composite Insurances traded firmly, Royals rising 10 to 485p and Commercial Union 5 to 164p, the latter following an investment recommendation. A broker's review of the sector stimulated interest in Life issues, Pearl rising 13 to 678p and Prudential 8 to 422p. Among Lloyds brokers, Hogg Robinson met with another lively two-way business before closing 3 dearer at the day's best of 131p.

Business in the major clearing banks remained thin, but quotations managed to improve. Barclays rose 10 to 432p and NatWest 12 to 592p.

Ford motor dealers Laidlaw Group made a lacklustre debut in the Unlisted Securities Market; the shares, after opening at 44½p, picked up to 46p before slipping back to the placing price of 45p.

Irregular of late, partly reflecting the sensitive state of the market, Breweries attracted an improved demand and closed at the day's best. Grand Metropolitan were outstanding, gaining 12 at 325p, while Bass, 310p, and Whitbread, 147p, rose 7 and 4 respectively; the last-mentioned is due to announce interim results next Tuesday. Scottish and Newcastle rallied 3 to 93p and, among regionals, Belhaven hardened a couple of pence to 26p after favourable Press mention.

Barratt Developments were the highlight in Buildings, rising 14 to 194p following highly favourable comment and the chairman's confident annual statement. George Wimpey met with fresh support and firmed 3 to 130p, while Taylor Woodrow rose 10 to 545p. Other leading Buildings edged higher in thin trading. Redland hardened 3 to 244p and RMC 2 to 369p, while Blue Circle firmed 7 to 410p. BPB Industries put on 9 to 240p xd following mention in a broker's circular. Elsewhere, Burnett and Hallamshire, a weak market recently following a reappraisal of the company's trading prospects, rallied 15 to 188p, but John Finlan shed 4 to 184p on disappointment with the interim results. Speculative support lifted Edward Jones 4 to 41p and Tilbury Group 6 to 82p; the latter has been awarded contracts worth £7.5m. Timbers made fresh progress under the lead of Meyer International, 6 firmer at 147p. Trent Holdings added 3 to 68p following acquisition news.

Stores improve afresh

Major Retailers shrugged off the effects of last Friday's profit-taking and began the new Account in confident mood. The re-emergence of institutional buyers prompted good gains across the board, with a particularly brisk trade being transacted in Marks and Spencer, up 6 at 213p in front of tomorrow's interim results. Gussies "A" rose 9 to 570p xd with sentiment buoyed by the chairman's annual statement.

Dealers also reported more favourable conditions among secondary Stores. Harris Queensway stood out with a gain of 10 to 298p, while Dixons, 213p, and Currys, 327p xd, both firmed around 6. Mail-order house Grattan continued to make progress on recovery hopes and closed 4 to the good at 56p. K. O. Boardman International rose a couple of pence to 14p following the chairman's confirmation of the agreement with the company's bankers which accompanied a cheerful statement on current trading. An isolated dull spot was provided by Mellins, which eased 4 at 78p after bearish Press comment.

Among Shoes and Leather, FII, in receipt of an investment recommendation recently, spurted 18 to 127p following sporadic support in a restricted market. Streng and Fisher, a rising market of late, held at 77p after revealing a return to profitability and a possible return to the dividend list in the current year.

Leading Electricals attracted early buying interest, Plessey advancing 6 to 208p xd and Racal a like amount to 208p. Revived demand lifted Sound Diffusion 10 to 115p, while Pressac continued to attract support and put on 12½p at 150p xd. Awaiting Thursday's interim statement, CASE advanced 25 to 385p. Arlen were good at 188p, up 10.

Engnieerings tended to be overlooked, although the sector provided the odd feature. Speculative demand lifted Meggitt 8 to 36p, while James Neill were also noteworthy for a gain of 5 to 38p. Press mention prompted a rise of 5 to 33p in Ayrshire Metal and Hopkinsons improved 4½ more to 107p xd following comment on the interim figures.

The prospect of increased spending in the run up to Christmas stimulated further interest in Foods. J. Salnsbury hardened 5 to 420p and Associated Dairies, quoted ex the scrip issue, firmed 4 to 136p. Cadbury Schweppes found support and put on 3 to 105p, while Northern Foods improved 4 to 166p. Elsewhere, Park Foods improved 3 to 92p following Press comment. Glass Glover attracted demand in a thin market and gained 6 to a 1983 peak of 256p. Buyers also came for Squirrel Horn, which added 3 at 27p. Bio-Isolates, after reacting to 115p following adverse comment on the company's Bipro protein product, rallied strongly to close 10 higher on balance at 145p.

Gieves advance

Selective buying of Miscellaneous Industrial leaders resulted in the occasional noteworthy movement. Boots, reflecting the current demand for store shares, advanced 6 more to 172p. BTR were favoured and put on 12 to 540p, while Reed International, awaiting today's interim figures, firmed 8 to 340p. Elsewhere, Gieves featured with a rise of 8 to 100p in response to good half-yearly results, while Scott and Robertson, also on trading news, moved up 8½ to 62p. Press comment directed attention to Metal Box, up 10 at 252p. Smiths Industries, preliminary figures due shortly, improved 8 to 400p, while De La Rue rallied 20 to 540p. Fresh support lifted Morgan Crucible 5 to 130p, Rank Organisation 8 to 170p and Trafalgar House 6 to 168p. Fitzwilton, reflecting the sharp advance in Atlantic Resources, closed 10 higher at 73p, after touching 77p at one stage. Mettoy were suspended at 7p; it was announced later that the company had been placed into receivership.

A Press report highlighting the possible snags involved in a spring flotation of Reuters further unsettled Fleet Holdings, which dipped to 109p before closing a net 3 cheaper at 110p. Advertising agency Saatchi and Saatchi, on the other hand, benefited from comment about a U.S. listing and rose 15 to 525p.

Properties attracted fresh institutional support and closed with useful gains, some of which were exaggerated by stock shortage. Land Securities equalled its 1983 peak in closing 8 higher at 330p, while MEPC gained 7 to a high for the year of 240p. British Land put on 5 at 95p on the announcement that nearly half of its prime development at Greenly House had been let. Slough Estates, currently in merger discussions with Allnatt London Properties and Guildhall Property, rose 5 to 113p. Hammerson "A" advanced 13 to 775p xd, Stock Conversion firmed 5 to 288p and Brixton Estate put on 4 to 116p. C. H. Beazer gained 10 to 274p following Press comment.

Among Textiles, bear closing lifted David Dixon 8 to 88p; the company revealed a full-year loss and passed the final dividend last Wednesday.

Renewed optimism that outside concerns would be permitted to take larger interests in Stock Exchange member firms encouraged strong support of stockjobbers Akroyd and Smithers, which advanced 28 to a 1983 peak of 453p; the annual results, which could show a sizeable profits expansion, are due around the middle of the month. Smith Brothers were also to the fore and rose 4 to 53p. Mercantile House added 6 at 335p and Exco International 13 at 538p; the latter are currently involved in talks on the above subject with stockbrokers Wood McKenzie.

Irish Oils again featured well in another burst of speculative trading. Atlantic Resources before settling 50 higher at 755p, touched a new peak of 795p while Aran closed 8 to the good at 64p, after 70p. Among other explorers, Cluff stood out with a rise of 25 to 85p, after 93p, buyers being excited by the company's optimism over its exploration venture in the Yellow Sea. Leading Oils staged a welcome rally, although quotations closed a shade below the best following the Opec market monitoring committee warning of a possible deterioration in oil market prospects during the first quarter of 1984. BP rose 8 to 418p and Shell 12 to 544p.

Golds fall further

Gold shares lost ground across the board for the fourth consecutive trading day, with virtually all the issues reaching new lows for the year.

Bullion dipped sharply to $382 per ounce, before rallying slightly on the close to finish at $382.875, the lowest closing price since August 19 last year, and the Gold Mines index dipped in sympathy to 461.3, down 14.5, its lowest level for almost a year.

South African Golds were marked down heavily in early trading as bullion edged downwards, and there was no support from the leading Continental centres, which were closed for public holidays.

Vaal Reefs recorded the biggest decline among the heavyweights, falling 2¼ to £60¾, while falls of a point and more were common to Southvaal at £32¼ and St Helena at £21½. Most of the other issues were between a half and a full point lower on the day.

Among the medium and lower priced stocks, Free State Development gave up 45 to 465p and declines of over 30 were common to West Rand Consolidated at 385p, and Grootvlei at 736p and Unisel at 803p.

The Gold-based South African Financials suffered in sympathy, led by Anglo American Gold, down 2¼ to a new low for the year of £66½. Anglovaal gave up two points to £35 and Johannesburg Consolidated Investment a similar amount to £75.

Gold Fields of South Africa were finally quoted at £11¾, a fall of ⅝ on the day after the five-for-one stock split.

Diamonds also lost ground, with "Anamint" down 1⅞ to £64 and De Beers losing 11 to 484p. Platinums came under some pressure and drifted lower, led by Impala, down 25 to 760p, with Rustenburg 15 lower at 630p and Lydenburg 10 off at 485p.

London Financials were quietly firm, in line with the UK equity market. Rio Tinto-Zinc were a particularly good market, gaining 15 to 572p ex-dividend, while Charter met demand and put on 5 to 225p. Gold Fields dipped 3 to 470p.

Australians were a dull market, with the exception of North Broken Hill, up 10 to 194p after the encouraging first-quarter results. Peko-Wallsend gave up 4 to 370p following the announcement of the forthcoming rights issue.

Improved trading conditions among London equities boosted support of Traded Options and total contracts amounted to 2,713 comprising 1,933 calls and 780 puts. ICI recorded an active 543 calls with most of the attention here centred on the January series, particularly the 600's which accounted for 176 trades and rose 7 to 26p. Marks and Spencer, interim due tomorrow, and Imperial Group attracted 255 and 226 calls respectively.

FINANCIAL TIMES STOCK INDICES

	Oct. 31	Oct. 28	Oct. 27	Oct. 26	Oct. 25	Oct. 24	year ago
Government Secs.	82.07	81.70	81.75	81.84	81.60	81.43	85.49
Fixed Interest	84.88	85.16	84.90	85.16	84.82	84.90	85.65
Industrial Ord.	703.1	691.1	694.0	690.0	689.0	685.3	610.9
Gold Mines	461.3	475.8	478.3	509.3	527.1	520.8	397.6
Ord. Div. Yield	4.84	4.90	4.89	4.92	4.92	4.94	5.08
Earnings, Yld.% (full)	9.59	9.72	9.69	9.75	9.75	9.81	10.90
P/E Ratio (net) (*)	13.01	12.84	12.88	12.80	12.80	12.73	11.01
Total bargains	21,014	18,847	19,153	17,901	18,013	17,402	24,438
Equity turnover £m.	—	207.19	167.85	167.52	169.76	121.40	177.63
Equity bargains	—	17,156	14,750	13,521	12,818	13,883	17,643
Shares traded (ml)	—	142.0	119.0	108.0	95.0	84.7	116.6

10 am 696.8. 11 am 696.8. Noon 699.3. 1 pm 702.0. 2 pm 702.0. 3 pm 702.0.

Basis 100 Govt. Secs. 18/7/28. Fixed Int. 1928. Industrial 1/7/35. Gold Mines 12/1/58. SE Activity 1974.

Latest Index 01-246 8026.

Nil=12.24.

HIGHS AND LOWS

	1983 High	1983 Low	Since Compilat'n High	Since Compilat'n Low
Govt. Secs.	83.60 (15/6)	77.00 (24/1)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	85.16 (28/10)	79.03 (1/2)	150.4 (28/11/47)	50.53 (3/1/75)
Ind. Ord.	740.4 (22/6)	598.4 (12/1)	740.4 (22/6/83)	49.4 (26/6/40)
Gold Mines	461.3 (31/10)	475.8 (28/10)	734.7 (15/2/83)	43.5 (28/10/71)

S.E. ACTIVITY

	Oct. 28	Oct. 27
—Daily		
Gilt Edged Bargains	124.6	147.1
Equities Bargains	111.2	95.6
Equities Value	418.8	339.3
5-day Avrge		
Gilt-Edged Bargains	140.1	145.4
Equities Bargains	93.5	89.2
Equities Value	333.0	322.9

FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

EQUITY GROUPS & SUB-SECTIONS (Figures in parentheses show number of stocks per section)	Mon Oct 31 1983 Index No.	Day's Change %	Est. Earnings Yield % (Max.)	Gross Div. Yield % (ACT at 30%)	Est. P/E Ratio (Net)	Fri Oct 28 Index No.	Thur Oct 27 Index No.	Wed Oct 26 Index No.	Tues Oct 25 Index No.	Year ago (approx) Index No.
63 Discount Houses (8)	299.47	−1.5	—	9.06	—	304.06	301.90	298.54	298.03	317.81
65 Insurance (Life) (9)	446.60	+1.5	—	5.04	—	440.18	443.91	437.80	439.92	331.38
66 Insurance (Composite) (10)	223.22	+1.9	—	6.88	—	221.06	222.74	220.94	221.80	177.76
67 Insurance Brokers (7)	567.82	+0.6	11.96	5.12	11.46	564.27	564.48	568.29	570.12	572.18
68 Merchant Banks (12)	185.26	+0.6	—	5.02	—	184.12	184.32	185.21	185.88	149.20
69 Property (54)	492.95	+1.9	5.09	3.83	22.65	483.71	488.69	475.34	464.98	390.79
70 Other Financial (18)	228.40	+1.1	12.20	5.90	9.87	225.96	227.16	226.15	224.98	179.32
71 Investment Trusts (108)	433.42	+0.6	—	4.12	—	430.79	428.95	427.38	424.27	334.22
81 Mining Finance (4)	269.56	+0.8	10.28	5.42	11.90	267.31	265.61	275.57	274.68	213.22
91 Overseas Traders (14)	461.74	−0.9	8.30	8.25	17.96	465.82	466.21	465.83	465.18	361.32
99 ALL-SHARE INDEX (750)	437.38	+1.5	—	4.92	—	431.09	432.54	431.68	430.91	377.60

FIXED INTEREST

PRICE INDICES	Mon Oct 31	Day's change %	Fri Oct 28	xd adj. today	xd adj. 1983 to date
British Government					
1 5 years	117.16	+0.13	117.00	—	9.87
2 5-15 years	131.20	+0.55	130.48	—	11.74
3 Over 15 years	140.57	+0.82	139.46	—	12.19
4 Irredeemables	149.16	+0.61	148.26	—	13.34
5 All Stocks	129.47	+0.48	128.85	—	11.27
6 Debentures and Loans	185.71	+0.44	185.29	0.05	9.11
7 Preference	78.38	+0.05	78.39	0.05	6.02

AVERAGE GROSS REDEMPTION YIELDS		Mon Oct 31	Fri Oct 28	Year ago (approx)
British Government				
1 Low Coupons	5 years	9.82	9.84	7.92
2	15 years	9.97	10.07	9.35
3	25 years	9.83	9.89	9.51
4 Medium Coupons	5 years	10.98	11.06	10.06
5	15 years	10.76	10.87	10.37
6	25 years	10.23	10.32	10.08
7 High Coupons	5 years	11.10	11.16	10.04
8	15 years	10.96	11.05	10.60
9	25 years	10.34	10.42	10.17
10 Irredeemables†		9.76	9.82	9.38
11 Debs & Loans	5 years	11.89	11.79	11.46
12	15 years	11.86	11.88	11.59
13	25 years	11.84	11.89	11.67
14 Preference†		12.53	12.49	12.44

† Flat yield. Highs and lows record, base dates, values and constituent changes are published in Saturday issues. A list of constituents is available from the Publishers, The Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 15p, by post 28p.

EUROPEAN OPTIONS EXCHANGE

Series	Nov. Vol.	Nov. Last	Feb. Vol.	Feb. Last	May Vol.	May Last	Stock

TOTAL VOLUME IN CONTRACTS: 9,553

A=Ask B=Bid C=Call P=Put

RECENT ISSUES

EQUITIES

FIXED INTEREST STOCKS

"RIGHTS" OFFERS

Renunciation date usually last day for dealing free of stamp duty. b Figures based on prospectus estimates. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. g Assumed dividend and yield. u Forecast dividend cover based on previous year's earnings. F Dividend and yield based on prospectus or other official estimates for 1983. H Dividend and yield based on prospectus or other official estimates for 1983-84. Q Gross. ‡ Cover allows for conversion of shares not now ranking for dividend or ranking only for restricted dividends. ⊕ Figures or report awaited. § Placing price. p Pence unless otherwise indicated. ¶ Issued by tender. ‖ Offered to holders of ordinary shares as a "rights." ** Issued by way of capitalisation. §§ Reintroduced. ¶¶ Issued in connection with reorganisation merger or take-over. ‖‖ Introduction. □ Issued to former preference holders. ■ Allotment letters (or fully-paid). ● Provisional or partly-paid allotment letters. ★ With warrants. ‡ Effective issue price after scrip. † Formerly dealt in under special rule. †† Dealt in under Rule 163 (3). ✣ Unlisted Securities Market.

NEW HIGHS AND LOWS FOR 1983

NEW HIGHS (57)

BRITISH FUNDS (4)
Treasury 3pc 1985; Treasury 10½pc '89; Treas. 8¼pc '87-90; Treas. 11¾pc 1991

INTL BK & O'SEAS GOVT STLG ISS (1)
Sweden 13½pcLn 2010

CORPORATION LOANS (1)
Liverpool 9¾pc 80-84

COMMONW'TH & AFRICAN LOANS (2)
N.Z. 7¼pc 1988-92; N.Z. 7½pc 1983-86

FOREIGN BONDS (1)
H. Quebec 15pcLn

AMERICANS (3)
Esmark; Gulf Oil; Gen Foods Corp

BREWERS (1)
Amal Dist Prods

BUILDINGS (1)
Jennings

CHEMICALS (1)
BASF

STORES (1)
W. W. Group

ELECTRICALS (1)
Pressac

ENGINEERING (4)
B'ham Pallet; Neill (Jas.); Meggitt; Spear & Jackson

FOODS (1)
Glass Glover

INDUSTRIALS (9)
Aero Needles; Rexmore; Fitzwilton; Sale Tilney; Metamec Jentique; Scott & Robinson; Morgan Crucible; Stonehill; Neil & Spencer

INSURANCE (1)
Allianz Vers.

NEWSPAPERS (2)
Bristol Ev. Post; Gordon & Gotch

PAPER (1)
Smith (David S.)

PROPERTY (9)
British Land; MEPC; Ests. and General; North Brit. Props.; Gable House Props.; Sheraton Secs.; Hammerson A; Utd. Real Prop.; Lynton

SHOES (1)
FII

TEXTILES (1)
Sirdar

TOBACCOS (1)
Imperial

TRUSTS (4)
Akyroyd & Smithers; Park Place Invs.; Investment Co.; Silvermines

OILS (5)
Aran Energy; Cluff Oil; Atlantic Res.; Warrior Res.; Bula Res.

MINES (1)
Keywest Expl.

NEW LOWS (62)

AMERICANS (1)
Amer Medical Intnl.

BUILDINGS (2)
Lilley (F. J. C.); Tysons (Contractors)

STORES (1)
Mellins

ELECTRICALS (1)
FKI Elects.

ENGINEERING (4)
Camseal; Davy Corp.; Clayton, Son; Howden Group

INDUSTRIALS (6)
Airship Inds.; Ricardo Cons. Eng.; Ecobric; Russell (A.); Do. Defd; Spong

LEISURE (1)
Nimslo Intnl.

MOTORS (2)
Dowty; Henlys

TRUSTS (1)
Martin (R. P.)

OILS (1)
Silkolene

MINES (42)

OPTIONS

For rate indications see end of Share Information Service

First Dealings	Last Dealings	Last Declaration	For Settlement
Oct 24	Nov 4	Jan 26	Feb 6
Nov 7	Nov 18	Feb 9	Feb 20
Nov 21	Dec 2	Feb 23	Mar 5

For rate indications see end of Share Information Service

Stocks favoured for the call included Premier Oil, Associated Dairies, Helical Bar, Brockhouse, Wearwell, L and J. Hyman, Aran Energy, Burnett and Hallamshire, Cornell, London and Liverpool, North Kalgurli, International Petroleum, Sheraton, Samantha, Charles Baynes, Suter, Carpets International, Consultants (Computer and Financial), W. E. Norton, Highgate Optical and Industrial and Tozer Kemsley and Millbourn. A put was arranged in Acorn Computer, but no doubles were reported.

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	84	3	14
Corpns. Dom. and Foreign Bonds	23	2	53
Industrials	419	161	805
Financial and Prop.	155	63	307
Oils	40	15	60
Plantations	1	6	13
Mines	26	76	64
Others	17	7	145
Totals	765	333	1,461

ACTIVE STOCKS

Above average activity was noted in the following stocks yesterday.

Stock	Closing price	Day's change
Akroyd and Smithers	453	+28
Aran Energy	64	−8
Atlantic Res.	755	+50
Barratt Devs.	194	+14
Cluff Oil	85	+25
Cons. Gold Fields	470	−3
Eagle Star	520	−8
Grand Met.	325	+12
ICI	588	+8
Land Secs.	330	+8
Marks and Spencer	213	+6
RTZ	572xd	+15

FRIDAY'S ACTIVE STOCKS

Based on bargains recorded in Stock Exchange Official List.

Stock	No. of changes	Fri. close	Day's change
Eagle Star	22	528	−7
BSR Intl	17	170	−1
Bula Resources	17	25	+2
Ingram (Hid.)	16	230	−20
ICI	15	580	+4
Midland Bank	15	373	−10
Pauls & Whites	15	273	−5
Strong Fisher	15	77	−1
British Land	14	90	+1
Combined Tech	14	21	−2
Hanson Trust	14	205	−5
Metal Sciences	14	25	—
Boots	13	166	−2
Fleet Hldgs.	13	113	−1

UNIT TRUST PRICES

Due to technical problems, it was not possible fully to update today's display of unit trust prices.

LONDON TRADED OPTIONS

Option	Calls Jan.	Calls Apr.	Calls July	Puts Jan.	Puts Apr.	Puts July
Brit. Petroleum (*416)						
360	66	—	—	3	—	—
390	42	52	62	7	16	22
420	18	32	42	22	32	38
460	7	16	24	50	54	60

Option	Calls Nov.	Calls Feb.	Calls May	Puts Nov.	Puts Feb.	Puts May
Imperial Group (*133)						
110	24	27	28	1	1½	2½
120	15	17	19	1	3	5
130	6	9	12	3½	6	8
LASMO (*268)						
300	6	18	32	40	45	50

Oct. 31. Total Contracts 2,713. Calls 1,933. Puts 780.
* Underlying security price.

FT LONDON SHARE INFORMATION SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

1983 High	Low	Stock	Price £	+ or –	Yield Int.	Red.
100⅜	98¼	Exch. 10pc 1983	100	–⅛	10.00	9.34
99¾	96¼	Funding 5½pc '82-84‡‡	99⅞	+⅛	5.54	9.06
101¼	99½	Exch. 11¼pc 1984	100⅝	–⅛	11.18	8.89
104⅛	100⅞	Exchequer 14pc 1984	102⅝xd	.	13.65	9.26
96⅛	92½	Exch. 3pc 1984	96¼	....	3.12	9.18
102⅞	100⅞	Treasury 12pc 1984	102¼	+⅛	11.73	9.27
107⅞	104⅞	Treasury 15pc 1985	105⅛	–⅛	14.29	10.14

Five to Fifteen Years

Over Fifteen Years

Undated

Index-Linked

INT. BANK AND O'SEAS GOVT. STERLING ISSUES

CORPORATION LOANS

COMMONWEALTH AND AFRICAN LOANS

1983 High	Low	Stock	Price £	+ or –	Yield Int.	Red.
102¼	94¼	Aust. 6pc 1981-83	102¼	.....	6.82	8.45
81	74¼	N.Z. 7½pc 1988-92	81xd	+½	9.21	11.12
93¼	88¼	Do. 7½pc '83-86	93¼xd	+¼	8.23	11.50
181	158	S. Rhod. 2½pc Non-Ass.	180	.....	—	—
86	74	Do. 3½pc 80-85 Asstd.	82	+1	4.29	14.90
57	44	Do. 4½pc 87-92 Asstd	54	.....	8.43	14.20
395	321	Zimbabwe Ann (£100pa)	338xd	.....	—	15.85

LOANS

Public Board and Ind.

1983 High	Low	Stock	Price £	+ or –	Yield Int.	Red.
77½	71¾	Agric. Mt. 5pc '59-89	74½xd	.....	6.86	11.62
36	31¼	Met. Wtr. 3pc 'B'	36	.....	8.44	11.21

LOANS—continued

Financial

Building Societies

FOREIGN BONDS & RAILS

AMERICANS

CANADIANS

BANKS, H.P. & LEASING

1983 High	Low	Stock	Price	+ or –	Div. Net	Cvr	Gr's	P/E
535	420	Bank Scotland £1	518	+5	†24.0	4.1	6.6	4.3
534	385	Barclays £1	432	+10	†22.0	3.6	7.3	4.3
310	235	Brown Shipley £1	295	...	7.75	—	3.8	—
410	315	Cater Allen £1	365	–5	26.95	—	10.5	—
114	78	Charterhouse Gp	89	..	†5.18	1.6	8.3	(9.8)
44	32	Clive Dis'nt 20p	38	–1	†3.2	—	12.0	—
980	650	Com'zbk DM 10	880	–15	Q≠17%	—	4.8	—
£22¼	£10¼	Chgn. Hbk. Kr100	£16½	–½	Q15%	—	9.8	—
9	6½	Dawes (G. R.)	7	..	—	—	—	—
£94	£68½	Deutsche Bank DM50	£80	–1½	≠22%	—	3.4	—
178	94	English Assoc.	132		15.8	h2.73	3.8	3.0
66	39	First Nat 10p	62	+1	—	—	—	4.9
5¼	¼	Do. Wrts 75-83	1¼	..	—	—	—	—
225	161	Gerrard Natnl.	205xd	...	h10.0	—	7.0	—
59	43	Goode D'T Mry.5p	50	..	1.0	—	2.9	—
208	125	Grindlays	145	–3	4.38	3.0	4.3	11.1
58	39	Guinness Peat	46	..	B—	—	—	—
140	100	Hambros 5p	113	–2	5.28	—	6.7	—
277	177	Hill Samuel	238	+3	9.1	—	5.5	—
86½	50	Hong Shng. $2.50	62	+2	t055c	—	7.4	—

BANKS—Continued

Hire Purchase, Leasing, etc.

BEERS, WINES & SPIRITS

BUILDING INDUSTRY, TIMBER AND ROADS

CHEMICALS, PLASTICS

CHEMICALS, PLASTICS—Cont.

DRAPERY AND STORES

ELECTRICALS

ELECTRICALS—Continued

ENGINEERING

FOOD, GROCERIES, ETC.

FOOD, GROCERIES—Cont.

HOTELS AND CATERERS

INDUSTRIALS (Miscel.)

INDUSTRIALS—Continued

LEISURE—Continued

PROPERTY—Continued

INVESTMENT TRUSTS—Cont.

OIL AND GAS—Continued

MINES—continued

Australians

1983 High	Low	Stock	Price	+ or -	Div. Net	C'vr	Y'ld Gr's
28½	13½	♥ACM 20c	17½	-½	—	—	—
52	32	Allstate Expln NL	42	+4	—	—	—
40	9	♥Australis Mng. NL	25		—	—	—
25	11	Balmoral Resources	16		—	—	—
60	37	♥Black Hill Mins	39	+1	—	—	—
85	51	♥Bond Corp	69	+3	010c	♦	9.3
183	116	♥Bougainville 1 Kina	145	-1	mQ3.21	1.2	14
372	204	♥CRA 50c	336	+4	tQ3c	—	0.5
145	60	♥Carr Boyd 20c	66	+3	—	—	—
38	25	♥Central Kalgoorlie	36		—	—	—

MOTORS, AIRCRAFT TRADES

Motors and Cycles

Commercial Vehicles

Components

Garages and Distributors

NEWSPAPERS, PUBLISHERS

PAPER, PRINTING ADVERTISING

PROPERTY

SHIPPING

SHOES AND LEATHER

SOUTH AFRICANS

TEXTILES

TOBACCOS

TRUSTS, FINANCE, LAND

Investment Trusts

Finance, Land, etc.

OIL AND GAS

INSURANCES

LEISURE

OVERSEAS TRADERS

PLANTATIONS

Rubbers, Palm Oil

Teas

MINES

Central Rand

Eastern Rand

Far West Rand

O.F.S.

Diamond and Platinum

Central African

Tins

Miscellaneous

NOTES

REGIONAL AND IRISH STOCKS

OPTIONS

3-month Call Rates

Industrials					
Allied-Lyons	13	House of Fraser	20	Utd. Drapery	22
BOC Grp	20	I C I	45	Vickers	12
B S R	20	"Imps"	11	Woolworth Hld.	30
Babcock	15	I C L	7	**Property**	
Barclays Bank	45	Ladbroke	22	Brit. Land	8½
Beecham	32	Legal & Gen.	45	Cap. Counties	14
Blue Circle	45	Lex Service	32	Land Sec.	28
Boots	16	Lloyds Bank	48	MEPC	20
Bowaters	22	"Lots"	4	Peachey	16
Brit. Aerospace	19	London Brick	10	Samuel Props.	11
B.A.T.	14	Lucas Inds.	25	Town & City	4
Brown (J.)	3½	"Mams"	14	**Oils**	
Burton Ord.	35	Mrks. & Spncr.	20	Brit. Petroleum	38
Cadburys	11	Midland Bank	40	Burmah Oil	17
Courtaulds	10	N.E.I.	10	Charterhall	9
Debenhams	14	Nat. West Bank	55	KCA	6
Distillers	20	P & O Dfd.	21	Premier	6
Dunlop	6	Plessey	19	Shell	55
Eagle Star	45	Racal Elect.	20	Tricentrol	22
F.N.F.C.	5½	R.H.M.	7	Ultramar	65
Gen. Accident	42	Rank Org. Ord.	20	**Mines**	
Gen. Electric	18	Reed Intnl.	32	Charter Cons.	28
Glaxo	75	Sears	8	Cons. Gold	56
Grand Met.	30	T.I.	13	Lonrho	9
G.U.S. "A"	50	Tesco	17	Rio T. Zinc	62
Guardian	45	Thorn EMI	55		
G.K.N.	16	Trusthouse	26		
Hawker Sidd.	28	Turner & Newall	7		
		Unilever	70		

A selection of Options traded is given on the London Stock Exchange Report page

"Recent Issues" and "Rights" Page 37

AUTHORISED UNIT TRUSTS

FT UNIT TRUST INFORMATION SERVICE

Abbey Unit Tst. Mngrs. (a)
1-3 St Paul's Churchyard EC4P 4DX 01-236 1833

High Income				
Gilts & Fixed Int.	114.8	121.5	+0.4	9.88
High Inc Equity	50.6	54.4xd	+0.2	6.69
Capital Growth				
American Growth	100.3	107.8	-1.4	1.60
Assets & Ernngs. Tr.	49.0	53.0xd	-0.9	3.38
Capital Reserve	71.4	76.8	-0.2	3.09
Commodity & Engy	83.4	90.2	+1.6	3.00
General	103.4	111.2xd	+0.4	3.06
Japan	48.4	52.6xd	-0.3	3.63
UK Growth	67.3	73.2	+0.5	3.63
Acc Units	134.9	145.0	-0.5	3.79
Worldwide Bond	115.8	125.2xd	-0.9	3.87
Equitas Prog.	116.6	126.1	.	3.84

Aitken Hume
1, Worship St., EC2 01-628 6626

American Tech Fd	139.9	149.4	-1.8	0.10
Inc & Gwth Fd	31.1	33.4	+0.1	5.47
Pacific Fd	118.0	127.4	+0.2	1.20
Secure Income Fd	101.6	109.2	-0.5	7.37
Special Sits	137.2	147.5xd	-0.1	0.97
Energy Fd	218.7	235.1	+4.8	0.40
Exempt Fd	352.0	378.3xd		3.00
Small Co's Fd	245.9	264.3	+0.3	2.45
Jap Technology	48.6	52.3	.	0.50

Aitken Hume Ltd. Deposit Rates.

Treasury Acct*	—	—	..	9.04
Mnthly Income Acct*	—	—		9.00

*Not Authorised U.T.—Bank Deposit.

Allied Unit Trusts Limited (A.) (G.)
Allied Hambro Hse., Hutton, Brentwood, Essex
Brentwood (0277) 211459 & 229123

Balanced Trusts				
Allied 1st Trust	116.6	124.8	+1.5	4.96
Brit. Inds. Trust	106.8	114.3	+1.4	4.90
Growth & Income Tst	76.7	82.1	+1.2	3.45
Allied Capital Trust	149.3	159.7	+1.8	2.68
Balanced Trust	202.8	217.0	+3.0	4.04
Accum Trust	290.9	311.3	+4.2	3.78
Income Trusts				
High Income Trust	123.9	132.6	+1.2	6.06
Equity Income Trust	67.9	72.6	+0.4	6.50
High Yield Trust	82.8	88.6xd	+0.5	7.71
Govt Secs Trust	28.5	30.4xd	+0.1	9.87
International Trusts				
International Trust	50.7	54.2	-0.2	1.11
Japan Trust	47.3	50.6	+0.1	0.01
Pacific Trust	93.4	99.9	-0.2	0.72
Amer Spec Sits Trust	47.5	50.8xd	-0.4	0.79
Secs of America Trust	136.6	146.1	-1.0	1.38

[illegible]

Britannia Gp. of Unit Trusts Ltd. (a)(c)(g)
Salisbury House, 31, Finsbury Circus, London EC2
01-638 0478/0479 or 01-588 2777
Britannia Viewpoint 01-673 0048

UK Specialist Funds				
Assets	146.7	158.2	+0.7	3.66
Recovery	55.4	59.7xd	+0.2	4.24
Smaller Cos	84.4	91.0	-0.1	2.09
Spec. Mkt. Sits	70.1	75.6xd	+0.5	1.60
UK Blue Chip	49.6	53.5	+0.7	3.87
High Income Funds				
Nat High Inc	98.2	105.9xd	+0.7	7.49
Extra Inc.	41.1	44.3		9.14
Inc & Growth	98.7	106.4xd	+1.1	6.79
Gilt	27.1	28.5	+0.2	9.61
Pref Shares	17.0	18.3		11.72
Sector Specialist Funds				
Commodity Shares	128.2	138.2	+0.6	1.98
Financial Secs	140.3	151.3	+0.6	3.57
Gold & General†	21.9	23.8	+0.4	4.27
Inv Tst Shares	87.6	94.5	+0.2	1.75
Prop Shares	28.1	30.3xd	+0.1	2.37
Univ Energy	61.6	66.4	+0.7	1.28
World Tech	47.1	50.8		—
Overseas Funds				
American Growth	66.7	71.9xd	-1.2	1.62
Am. Smaller Cos.	21.7	23.4	-0.1	—
Am Spec. Sits	66.9	72.1	-0.9	0.76
Australian Growth	62.8	67.7xd	-0.3	1.24
Far East	32.5	35.0	-0.1	—
Hong Kg Performace	16.1	17.4	+0.4	2.91
Intl Growth	94.1	106.4xd	+0.6	6.79
Japan Perf Tst	28.7	30.9	+0.1	—
Japan Smlr Cos Tst	9.3	10.0	-0.1	—
General Funds				
Capital Acc	105.8	114.0	+1.1	3.68
Comm. & Ind	80.6	86.9	+1.1	2.13
Domestic	69.7	75.1	+0.7	3.71
Growth	142.0	153.1	+1.1	1.65
Shield	73.6	79.4	+0.7	2.20
Exempt Funds				
Exempt	231.5	245.0	+1.6	5.20
Ex Mkt. Ldrs.	45.5	48.1	+0.8	3.92

Cater Allen High Int. Current Acc.

Deposit††	—	—		9.381

††Not authorised U.T.—Bank Deposit

Brown Shipley & Co. Ltd. (a)(g)
Harlands Hse, Haywards H'th, Sx. 0444-458144.

B.S. Fund	37.9	41.9	+0.3	4.55
B.S. Accum	58.8	64.7	+0.4	—
Financial	68.2	73.3	+0.6	3.42
Growth Accum	110.3	122.5	+0.9	—
Growth Income	71.1	82.3xd	+0.7	2.28
High Income	32.6	35.0xd	-0.3	7.88
Income	37.2	40.2xd	+0.5	6.11
North American	42.7	46.9	-0.3	1.05
Orient	36.2	40.2	+0.1	0.40
Recovery	19.7	21.4	+0.3	4.11
Technology	134.2	144.3xd	+0.3	0.46

[illegible]

Acc Units Oct 25	617.9	664.3	..	2.00
B'gate Int Oct 18	593.0	630.2	.	1.30
Accum Oct 18	705.7	749.9	..	1.30
Beckman Oct 26	135.1	141.0	..	—
Can & For Oct 20	74.2	79.4xd	..	2.05
Accum Oct 20	75.7	81.0		2.05

Bridge Fund Managers (a)(c)
Regis Hse., King William St., EC4. 01-623 4951

Amer Gen.†	55.6	59.8		0.73
Income*	72.7	78.1xd		5.70
Capital Inc.‡	80.4	86.4xd		2.26
Do Acc ‡	101.0	108.6		2.26
Exempt‡	172.0	186.0		3.76
Intl Recovery Inc.‡	34.1	36.7xd		2.32
Do Acc ‡	44.3	47.7		2.32

Dealing *Tues. ‡Wed. †Thurs. Prices October 25/26/27

Cres. International	119.6	129.1	-0.5	1.07
Cres. Resources	23.9	25.8	-0.2	2.33
Cres. Tokyo	78.0	84.2	+0.2	0.30

Crown Unit Trust Services Ltd.
Crown Life Hse, Woking GU21 1XW. 04862 24933

Crown High Inc. Trust	120.5	130.3xd	+1.5	6.83
Crown Growth Trust	116.3	125.7	+2.3	3.98
Crown Amer Trust	89.8	97.1	-0.6	1.51

Dartington Unit Trust Mngt. Ltd.
Dartington, Totnes, Devon TQ9 6JE. 0803 862271

Total Perf. Unit Tst	35.1	37.5xd	.	3.32

Discretionary Unit Fund Managers
36/38 New Broad St, EC2M 1NU. 01-638 4485

Dsc Inc Oct 28	320.9	342.3		4.33

For Duncan see Oppenheimer Fund Management

*Prices on October 21. Next dealing Nov 4

Grieveson Mgmt—Barrington Funds
59 Gresham Street, EC2P 2DS 01-606 4433

General Oct 26	505.8	538.1	...	3.64
(Accum Units)	648.3	689.7		3.64
High Yield Oct 27	220.0	234.1xd		8.75
(Accum Units)	379.1	403.4		8.75
Gilt Oct 25	112.5	116.0		10.36
(Accum Units)	142.2	146.6		10.36
Smaller Co Oct 26	202.1	215.0		2.95
(Accum Units)	226.0	240.5		2.95
Pacific Oct 25	648.3	677.4xd		0.88
(Accum Units)	720.5	752.8	.	0.88
North Am Oct 28	215.6	228.0		0.49
(Accum Units)	242.3	256.1		0.49
European Oct 26	174.8	182.5		1.42
(Accum. Units)	209.0	218.0		1.42

[illegible]

Authorised Units—continued

Atlanta Unit Trust Managers Ltd.
1 Founders Ct Lothbury EC2 01-600 8664

Jap & Far East	—	50.0	...	1.0

Baillie, Gifford and Co Ltd
3 Glenfinlas St Edinburgh 031-225 2581

JapExSep28	140.0	147.2	...	0.34
IntlEx*Sep28	—	—	....	—
BGPrsPn*Sp28	—	—	....	—

*Next dealing day. *Unauthorised.

Equity & Law Un Tst Mngrs (a) (b) (c)
Amersham Rd High Wycombe. 0494 33377

Euro Tst Acc	61.8	66.3xd	-0.2	1.45

Robert Fleming & Co Ltd
8 Crosby Square EC3A 8AN. 01-638 5858

AmExFd*	£270.67	276.60	..	0.84
JapExFd*	£158.25	163.35		1.16

Next subscription day Nov 1 1983
*Fleming American Property Unit Trust.
Latest issue price (15 11) US$10.621.
Units are issued on Feb 15 May Aug. Nov.
*Fleming Property Unit Trust.
Latest issue price (29 9) £2 070
Units are issued on March 25 June 24.
Sept 29 & Dec 25.
*Unauthorised.

Guardian Royal Ex Unit Mngrs Ltd (a)
Royal Exchange EC3V 3LS 01-638 2020

Gilt & Fixed	113.5	118.0		9.87
Growth Eq	97.3	104.7	+1.3	2.61
Guardhill	178.0	184.4	+3.7	3.45
Nth Amer	93.0	100.1xd	-1.0	1.87
Pacific	102.6	110.4xd	-0.4	0.39
Prop Shares	99.8	107.4	+1.4	0.26
Smaller Cos	104.1	112.0xd	-0.2	1.89

H.B.L. Unit Trust Mngrs Ltd (a) (c) (g)
Premier NT Admin. 5 Rayleigh Rd. Hutton
Brentwood Essex 0277-227300

SmllrCosTst	50.4	53.0	+0.3	4.45
Nth Amer	48.0	50.5	-0.5	1.56
Japan Far Tst	53.1	55.9xd	+0.2	1.31
ScandinvnTst	49.2	51.8	+0.1	1.45

Hexagon Services Ltd
4 Gt St Helens. London EC4P 3EP 0708 45322

Austin Frs	106.9	115.0	...	0.99
Brewin Cap	79.1	83.5	....	0.62
Brewin Int	72.0	75.8	.	4.15
Canada Grw	106.9	115.0	-1.5	0.99

Lawson Fund Managers Ltd (a) (c) (g)
43 Charlotte Sq Edinbgh 2 031-225 6001

Charitt Sq Fo	50.1	52.1	+1.5	5.0

Pen Sh Fd	13.0	14.0	....	1.9
Aust & Pac	8.0	8.8	....	0.5
High Yield	19.5	21.0	....	10.4
Do Accum	20.6	22.1	....	10.4

MGM Unit Managers Ltd
MGM House. Heene Road Worthing. 01-623 8211

High Inc	120.2	129xd	+0.6	6.80
(Accum Uts)	125.8	135.3xd	+0.6	6.80
UK Growth	117.3	126.1xd	+0.9	3.25
(Accum Uts)	118.8	127.7xd	+0.9	3.25

MLA Unit Trust Management Ltd
Old Queen St SW1A 9JG. 01-222 8576

MLA Uts	179.4	188.3	....	2.84
MLA Int	27.7	29.0	....	0.86

Scottish Unit Managers Ltd
29 Charlotte Sq. Edinburgh. 031-226 4377

Pacific Fund	25.0	27.1	....	0.30
N Amer Fd	23.9	25.9	....	0.37
World Growth	22.8	24.7	.	2.42
Income Fund	23.7	25.7	+0.2	4.94

The Money Market Trust
63 Qn Victoria St EC4N 4ST. 01-236 0952

Call Fund	—	—	...	8.81
7 Day Fund	—	—		9.09

*Unauthorised—Sterling Deposit Fund

Offshore and Overseas—continued

[illegible]

INSURANCES

[illegible]

Insurances—continued

[illegible]

UK Equity	135.0	143.0	....	—
Intl Equity	121.0	128.0	....	—
Jarretts Fd	94.0	99.0	....	—

Prudential Pensions Ltd
Holborn Bars. EC1 2NH. 01-405 9222
Pru-Link Retirement Plan

Managed Fd	142.0	148.0	....	—
Cash Fd	113.6	118.4	....	—

St George Assurance Co Ltd
The Priory, Hitchin, Herts. 0462 57161

Managed Fd	101.3	106.7	....	—
Universal Fd	98.6	103.8	....	—

Save & Prosper Group
4 Gt St Helens. London EC3P 3EP. 0708 66956

Gilt Pen Fd	186.2	197.1	+0.3	—
Do PenFd*	197.4	198.4		—
Global EqPen	54.9	58.1	-0.3	—

[illegible]
Bucks. Aylesbury [illegible]

Sterling	—	—	...	
U.S. Dollar	—	—	...	
Swiss Franc	—	—	...	
Deutsche Mark	—	—	...	
Yen	—	—	...	

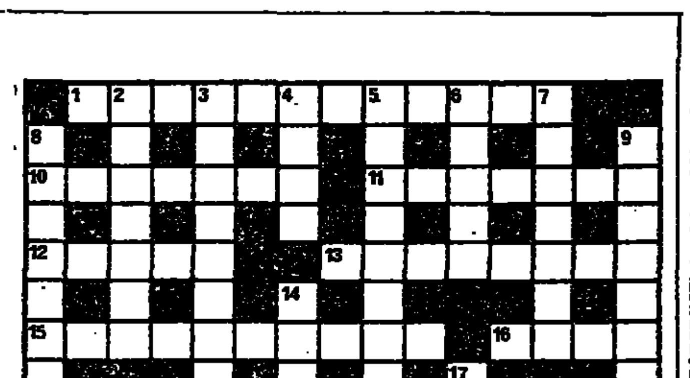
TSB Life Ltd
PO Box 3. Keens House, Andover, Hants. SP10 1PG.

Managed Fd	104.3	109.8	+0.[illegible]
Property Fd	97.9	103.2	
Fixed Int Fd	100.8	106.2	+0.[illegible]
Money Fd	98.0	103.3	
Equity Fd	109.6	115.4	+0.[illegible]

Windsor Life Assurance Co Ltd
Royal Albert Hse. Sheet St. Windsor [illegible]

FutAssGth	77.0(A)	85.0(B)	...
FutAssdPen	—	51.26	...
Far East Fd	125.0	131.5	...

F.T. CROSSWORD PUZZLE No. 5,257



ACROSS

1 Party under cover? (6-6)
10 Artist's bow-tie? (7)
11 Lettering on tablet? Mines in rough heap! (7)
12 Regretting disaster at Goodwood's opening . . . (5)
13 . . . he is on course to see career go awry (4-4)
15 One smashed by racketeers? (6-4)
16 A hut falling to pieces—in such a state (4)
18 A former line of relief (4)
20 Tales about one, so airplane ordered (10)
22 Steepest decline following the spring? (4-4)
24 Titled host shunned by Hardy? (5)
26 Baggage-handler down under? (7)
27 Lots of animals in pine, possibly, or one living on the trunk? (7)
28 Warning light seen when landing-gear's out of order (6-6)

DOWN

2 Popular judgment of the ring-shackle (7)
3 For this sunken design, I go Latin, unconventionally (8)
4 Force-holding measure (4)
5 It helps one better to see or gape, possibly, at girl (5-5)
6 Spin old penny at French bank (5)
7 Computer data to study alfresco? (4-3)
8 The finish of a ghost? (6-7)
9 Parish draw-pipes? (6-7)
14 Compliance with law, once braves brought into line (10)
17 Adversely criticising what poor engine is doing (8)
19 Hot stuff and leading performer in soft ground (7)
21 Boy-girl overture—one of three? (7)
23 I need the end of God to turn me on (5)
25 Northern runner giving support to roundsmen? (4)

Solution to Puzzle No. 5,256

SCRAPPED SCRAPE
O O O V A L Y
CAMELLIA GRILSE
C N I L D S N
EXERCISE RIGOUT
R Y Y P S N R I
DISTRACTED
A A H R E L S E
CONDITIONS
H T L T T S V M
IDEALS MONALISA
L L T R V R S
LOOKON GIGANTIC
E P W A G U O
SIENNA INTEREST

INSURANCE & OVERSEAS MANAGED FUNDS

Black Horse Life Ass. Co. Ltd.
71, Lombard St., EC3 01-623 1288

Black Horse Man. Fd.	213.44			
Managed Inc. Fd.	157.95	165.64	...	—
Property Fd.	151.07	159.03	...	—
Fixed Interest Fd.	147.14	154.89	...	—
Cash Fd.	135.95	143.11	...	—
Income Fd.	171.47	180.50	...	—
Extra Income Fd.	162.22	170.77	...	—
Worldwide Growth Fd.	231.62	243.82	...	—
Balanced Fd.	172.82	181.50	...	—
Smlr Co's & Rcvy. Fd.	203.25	213.95	...	—
Int. Technology Fd.	270.97	285.24	...	—
Nth. Amer. & Gen. Fd.	170.18	179.14	...	—
Energy Int. Fd.	107.64	113.30	...	—
Pacific Basin Fund	132.41	139.38	...	—

British National Life Assurance Co. Ltd.
Haslands Rd., Haywards Heath 0444 414111

Managed	111.9	117.8	...	—
Property	109.9	115.7	...	—
Equity	112.9	118.8	...	—
International	127.3	134.0	...	—
Fixed Interest	101.5	106.8	...	—
Deposit	99.4	104.6	...	—
Managed Pen. Cap.	112.2	118.1	...	—
Property Pens. Cap.	109.6	115.3	...	—
Equity Pens. Cap.	106.6	112.2	...	—
Intnl. Pens. Cap.	132.6	139.5	...	—
Fixed Int. Pens. Cap.	99.0	104.2	...	—
Deposit Pens. Cap.	97.3	102.4	...	—

Canada Life Group
2-6, High St., Potters Bar, Herts. P. Bar 51122

Equity Gth. Sept. 29	98.5		...	—
Pens. Fed. Aug 6	255.4		...	—
Managed Pen Fund	177.0	186.3	...	—
Property Pen Fund	114.0	120.0	...	—
Index Lnkd Pen Fund	111.6	117.4	...	—
Managed	139.0	175.3	+0.4	—
Property	104.0	109.5	...	—
Gilt and Fixed Interest	106.6	112.3	+0.7	—
Index-Linked	98.3	103.5	+0.1	—
Equity	116.6	122.8	+1.2	—
Cash	103.9	109.4	+0.4	—
Midland Bk. Unit Tst.	116.0	122.2	+0.4	—
Midland Bank Intnl.	136.6	143.8	−0.1	—

Cannon Assurance Ltd.

G.T. Management Ltd.
16 Finsbury Circus, Lond. EC2M 7DJ 01-628 8131

G.T. Plan Bond Fund	122.8	129.3	−0.2	—
GT Pln High Yld Fnd.	114.9	121.0	...	—
GT Plan Far East Fnd.	112.4	118.4	...	—
GT Plan N. Am Fd.	134.5	141.6	...	—
GT Pln UK&G E. Fnd	127.9	134.7	...	—
GT Pln Wrldwde Fnd.	132.5	139.5	...	—
GT Pension Bnd Fnd.	132.2	139.2	−0.2	—
GT Pen High Yld Fd.	130.1	137.0	...	—
GT Pen Far East Fd.	136.4	143.6	...	—
GT Pen N. Am. Fd.	194.0	204.3	...	—
GT Pen UK & G E. Fd.	147.8	155.6	...	—
GT Pen Worldwide Fd.	140.9	148.4	...	—

Prices for Accum. Units only.

Assicurazioni GENERALI S.p.A.
117, Fenchurch St., EC3M 5DY. 01-488 0733

Intl. Managed Bond	166.9	175.7	...	—

General Portfolio Life Ins. C. Ltd.
Crossbrook St., Cheshunt, Herts. Waltham X 31971

Portfolio Fd. Acc.	246.2	—	...	—
Portfolio Fd. Init.	202.8		...	—
Portfolio Fd. Cap.	235.0		...	—
Investment A uts	246.1	259.1	...	—

Gresham Unit Ass. Ltd.
2-6, Prince of Wales Rd. B'mouth. 0202 767655

Managed Fd.	266.9	281.2	...	—
Money Fd.	155.3	163.5	...	—
Equity Fd.	224.4	236.5	...	—
Fixed Int. Fd.	117.1	123.4	...	—
Property Fd.	172.1	181.3	...	—
Managed Pen. Fd.	244.2	257.3	...	—
Equity Pension Fd.	176.8	186.3	...	—
Fixed Int. Pen. Fd.	162.9	171.7	...	—
High Yield Pen. Fd.	161.0	169.6	...	—
Money Pension Fd.	127.9	134.7	...	—
Property Pension Fd.	127.3	134.1	...	—

Gresham/Framlington

American & Gen. Fd.	249.8	263.2	−1.3	—
Income Fd.	177.6	187.1	...	—
Int'l. Growth Fd.	266.1	280.4	+0.7	—
Capital Fund	188.2	198.3	...	—
Recovery Fund	142.1	149.7	−0.4	—

Growth & Sec. Life Ass. Soc. Ltd.

OFFSHORE AND OVERSEAS

Metals Tst Oct 20	£13.35	13.68	...	—
Selected Mkt Oct 27	£17.25	17.69	...	2.37

Merc Money Mkt Tst

D-Mark	DM75.61	—	...	—
Dutch Guilder	Df101.04	—	...	—
Japanese Yen	Y7,585	—	+1.0	—
£ Sterling	£18.20	—	...	—
Swiss Franc	SwF75.42	—	...	—
U.S.$	$30.52	—	+0.01	—

Wardley Investment Services Ltd.,
4th Floor, Hutchison House, Hong Kong

Wardley Trust	$5.46	5.78	...	2.42
Wardley Nikke Ac. Fd.	$24.32	25.47	...	5.89
Wardley Bond Trust	$10.80	11.00	...	8.45
Wardley Japan Trust	$25.85	26.79	...	0.56

WestAvon Secs (Guernsey) Ltd
PO Box 214, St Peter Port, Guernsey 0481 27768

Gilt & Option Fd.	£2.09	2.14	...	7.50
US $ Option	$1.00	1.05	...	—

World Wide Growth Management⊕
10a, Boulevard Royal, Luxembourg

Worldwide Gth Fd	$12.89		...	—

Inv. Adv. M & G Inv Mngt., Ltd., London

Wren Commodity Management Ltd.
10 St. George's St., Douglas IoM 0624 25015

Wren Com. Fund	22.2	23.1	...	—
Chinese Fund	65.1	67.8	...	—
Precious Metal Fund	118.6	123.5	...	—
Vanguard Cmcy. Fd.	36.1	37.0	...	—
Financial Futures Fd.	79.2	81.5	...	—
Wren Intl. Fnd.*	$0.449	0.467	...	—

NOTES

Prices are in pence unless otherwise indicated and those designated $ with no prefix refer to U.S. dollars. Yields % (shown in last column) allow for all buying expenses. a Offered prices include all expenses. b Today's prices. c Yield based on offer price. d Estimated. g Today's opening price. h Distribution free of UK taxes. p Periodic premium insurance plans. s Single premium insurance. x Offered price includes all expenses except agent's commission. y Offered price includes all expenses if bought through managers. z Previous day's price. ¶ Guernsey gross. ‖ Suspended. ♦ Yield before Jersey tax. † Ex-subdivision. ‡‡ Only available to charitable bodies. $ Yield column shows annualised rate of NAV increase.

COMMODITIES AND AGRICULTURE

Tea prices surge ahead in London

BY JOHN EDWARDS

TEA PRICES surged ahead at the London auctions yesterday, reaching the highest levels since 1977.

Indicative prices for quality teas jumped from 197p to 214p a kilo and medium quality from 183p to 196p. Low medium were up by 4p to 166p and the average price is expected to be some 10p higher than last week's figure of 180p. A year ago quality tea was fetching only 140p a kilo.

The surge in prices is a continuation of the steady rise in the market during the past year reflecting a world shortage of supplies and a drawdown of stocks.

For the past three years consumption has grown faster than production, especially in 1981 and 1982 when world output was estimated to be about 30m kilos below demand. Production is recovering this year from the poor crops last year, but consumption is reported to be moving ahead strongly too.

In recent years there has been considerable growth in demand for tea in the oil-rich Middle East countries, especially those with a large expatriate population of traditional tea drinkers. Even more important to the world tea supply-demand balance has been the continued increase in domestic consumption of tea in India.

Greater prosperity in India is estimated to be pushing domestic demand for tea up by some 20m kilos annually to about 380m kilos in 1983-84. Production meanwhile is fairly static at around 570m kilos, so Indian exports may decline.

Output has continued to decline in Sri Lanka, and these shortfalls have not been fully *made up by production increases* in Kenya and Indonesia.

Brokers point out that although sterling prices for tea have risen sharply, the dollar value has not increased by anywhere near the same amount.

However, it seems inevitable that the rise in the auction prices worldwide means that the retail cost of tea in the UK will be under considerable pressure to increase from present levels.

Copper stocks up again

By Our Commodities Editor

COPPER stocks held in the London Metal Exchange warehouses rose again last week for the 13th week in succession.

The increase in stocks of *8,350 tonnes took total holdings* to 416,125 tonnes. This is the highest total for five years and compares with stocks of just over 250,000 tonnes in mid-July.

There was little reaction on the market, which has become inured to stock increases. Prices were depressed in early trading by the easier trend in precious metals but rallied later to end the day virtually unchanged.

Reuter reported from Lima that workers at the Cerro Verde mine have ended a three-day "wildcat" strike. Meanwhile, the month-old stoppage continues at Southern Peru's Ilo smelter and Toquepala mine.

The Cuajone mine, also owned by Southern Peru, is not affected by the stoppage but because of the shutdown at the *smelter it has been forced to* sell concentrates elsewhere.

Other base metals followed the same pattern as copper, with early losses being partially recouped in late trading.

Aluminium stocks were down for the ninth week in succession falling by 5,550 to 230,525 tonnes. Lead stocks also fell again by 4,875 to 186,850; zinc by *2,400 to 106,000*; and tin by 130 to 41,820 tonnes.

Nickel stocks rose by 456 to 25,962 tonnes and LME silver holdings increased by 370,000 to 38,060,000 ounces.

Silver prices came under renewed pressure yesterday following further speculative selling. The London bullion spot price was cut by 17.95p to 584.20p a troy ounce, wiping out Friday's gain. Gold closed $3.75 lower at $382.875 an ounce.

Optimism grows for softwood prospects

BY A SPECIAL CORRESPONDENT

A MOOD of restrained optimism could be felt at the European Softwood *Importers/Exporters* Conference held recently in Barcelona.

The conference, attended by eight importing and seven exporting countries, annually assesses the prospects of the softwood market. This year the eight importers (Belgium, Denmark, West Germany, France, Italy, Spain and the UK) are expecting the recovery to continue, to give an overall 1.4 per cent increase in consumption.

Rising confidence will encourage the holding of higher stocks. As a result total imports are likely to rise by just over 5 per cent.

Softwood apparent consumption (wood passing out of importers' yards) is forecast at 6.8m cubic metres in Britain this year, a rise of nearly 9.5 per cent on 1982. This is considerably better than the average *for the rest of the importing* countries, but is explained by Britain having an earlier fall at the start of the depression.

No dramatic increase in demand is anticipated in Europe next year but a consolidation of the recovery which has already started is expected. In the UK (again because of our position in the van of the economic cycle) it was forecast apparent consumption would decline by just over 1 per cent next year to 6.7m cubic metres.

The seven exporting countries (Australia, Canada, Finland, Poland, Sweden, U.S. and the Soviet Union) said that while their stocks of sawn wood were at low levels, they did not anticipate any shortages.

Finland's exports may be curtailed next year because of an *impass* between sawmillers and forest owners. *Forest owners* are holding out for higher prices for their logs which the mills say they cannot pay. A gap of some 10 per cent separates the two sides.

Economic recovery in the U.S. has been more rapid and has had an immediate effect on softwood consumption which is expected to rise by nearly 20 per *cent this year on the back of* improved housing starts in the early part of the year. A continuing but less dramatic improvement is forecast for 1984.

In Europe an unusually wide price differential has opened between redwood (pine) and whitewood (spruce). Both form part of the usual softwood market mix but there are traditional preferences, which cannot be justified technically, by area or country.

England, Scotland and Northern Ireland favour whitewood within the UK, as do France and Holland on the Continent. The economies of the whitewood favouring areas are more depressed resulting in poor demand in relation to redwood.

Producers, who have limited control over the intake of the *two species into their mills*, have been dropping whitewood prices to stimulate demand—which accounts for the differential now at historic proportions. Scandinavian producers are planning to promote whitewood.

The Soviet Union expects to increase its exports from 7.3 to 7.5m cubic metres next year but the increase is destined for Eastern bloc countries.

Asean to fight EEC vegetable oil tax

By Our Commodities Staff

A COMMON stance in opposing European Community plans to introduce a consumption tax on vegetable oils has been agreed by Association of South East Asian Nations (Asean) *economic ministers*.

Government officials in Jakarta said Indonesia and Malaysia particularly will express strong disapproval of the plans at the meeting of Food and Agriculture Organisation in Rome. The proposals could hit sales of palm and coconut oil to Europe.

● THE U.S. General Services Administration purchased 4,500 *short tons of titanium for the* national defence stockpile from three companies. Two contracts went to Philip Brothers, one went to the Timet division of Titanium Metals of America, and another to Billiton Metals.

● CHINA has established China Huaxing Tungsten Corporation to manage tungsten exports and nationwide planning and pricing.

● INDONESIA plans to hold rice stocks at 1.8m to 1.9m tonnes on April 1, the start of the financial year, compared with stocks of 1m tonnes held at the beginning of last year.

● SOVIET UNION meat production this year is expected to be above 16m tonnes. The 1982 output has been revised to 15.4m tonnes.

● U.S. roastings of green coffee in the week ended October 22 were about 365,000 (60-kilo) bags, including that used for soluble production, compared with about 345,000 in the same week last year.

● THE EUROPEAN Commission said $58m will be allotted from the "STABEX" commodity insurance scheme to 19 African, Caribbean and Pacific states linked to the EEC by the Lome Convention.

Sugar decline continues

BY RICHARD MOONEY

WORLD SUGAR values continued to retreat yesterday as persistent "good" crop news tended to concentrate traders' attention even more single-mindedly on the excessive level of world stocks.

The London daily raw sugar price slipped another £4 to £140 a tonne, taking the fall in the last three weeks to £30.

Adverse weather in most growing areas early in the season had encouraged analysts to forecast a world production deficit of more than 3m tonnes for 1983-84. But recent near-ideal conditions have led *most* to accept that stocks may be cut by only 1m tonnes or less.

F. O. Licht, the West German sugar statistics organisation, reported yesterday that last week's European weather had been favourable for beet liftings as well as for transport. Sunny weather had improved sugar contents while frosts had been light and had neither hampered harvesting nor damaged beets already lifted.

While crop prospects have continued to improve there has been little sign of any upturn in demand. Traders have been looking hopefully towards the Soviet Union, which is often a keen buyer at this time for year, but so far it has shown little interest in buying.

Scrap agricultural support, says report

BY JOHN CHERRINGTON,

THE WHOLESALE scrapping of all forms of agricultural support is recommended in a report from the Adam Smith Institute published today.

The Institute's "Think Tank" has distilled the wisdom of 100 (mainly unnamed) contributors into a series of options which include a phased withdrawal from the Common Agricultural Policy, turning producer marketing boards into voluntary co-operatives, making farmers support research and advisory services, and ending subsidisation for land drainage, which is held to be a reason for cropping unsuitable land. As a final shot the Institute recommends that the Forestry Commission should be abolished and the forests sold.

In compensation, it suggests farmers *should* receive a terminal payment before they were completely bereft of any form of state support.

The report relies heavily on MP Mr Richard Body's thesis that the distortions, as he calls them, caused by the present price support arrangements has caused a great drift of farmers and farm workers from the land.

In fact a far greater exodus from the land occurred during the heyday of free trade when whole areas of Britain were made derelict through the unrestricted importation of food from overseas. Agricultural protection began in the UK in the early 1930s, mainly in response to various forms of dumping which regrettably still exist in the world today.

There is no doubt that both food and farm support are costing too much but this report's solution would only work if the rest of the world adopted the same principles. These are almost universally disregarded.

To adopt these ideas in isolation would be akin to throwing out the baby with the bath water.

Farmers' union welcomes tenancy Bill

By Our Commodities Staff

THE NATIONAL Farmers' Union of England and Wales yesterday welcomed the publication of the Agricultural Holdings Bill, which was given its first reading in the House of Lords last Thursday.

The union said the Bill, which is based on a formula reached between the union and the Country Landowners' Association two years ago, offers benefits both to landlords and tenants. It will put the rent formula on a fairer basis while helping to provide a more favourable climate for landowners wishing to let land.

But the Royal Institution of Chartered Surveyors said the proposed legislation would do nothing to promote the Government's aim of making more farms available to let.

UN expects world cereal stocks to fall by 20%

THE United Nations Food and Agriculture Organisation (FAO) expects world cereal stocks in 1983/84 to fall 20 per cent below the previous season's level to 262m tonnes.

In its monthly food bulletin FAO said it slightly cut its estimate of world coarse grain production in 1983 to 690m tonnes from 693m following a reduction in the official forecast of U.S. coarse grain output.

But FAO's estimate of world cereal output was unchanged from the previous month at 1,605m tonnes, compared with 1,706m the previous year.

PRICE CHANGES

In tonnes unless stated otherwise	Oct. 31 1983	+ or —	Month ago
Metals			
Aluminium	£1050	......	£1050
Free Mkt.	$1545/1575	......	$1550/60
Copper			
Cash h grade	£931	—5.5	£954.75
3 mths	£953.75	—3.5	£979.75
Cash Cathode	£912	—7	£930.25
3 months	£934.5	—6	£955.75
Gold troy oz	$382.875	—3.75	$391.625
Lead Cash	£272.125	—8.37	£270.5
3 months	£281.75	—8	£279.75
Nickel	£4646.54	......	£4646.54
Free mkt.	215/235c	......	205/225c
Palladium oz.	$143.50	+0.25	$155.25
Platinum oz.	£255.95	—4.6	£261.90
Quicksilvert	$320/350	......	$340/350
Silver troy oz.	584.20	—17.95	698.20p
3 mths	597.40	—17.95	714.75p
Tin cash	£8585	+5	£8432.5
3 month	£8661	+5.5	£8543
Tungsten	$85.79	......	$72.17
Wolfr'm 22.04 lb	$76/80	—2	$79/83
Zinc Cash	£579.25	—6.25	£540.5
3 mths	£597.5	—1.25	£565.75
Producers	$925	......	$880

	Oct. 31 1983	+ or —	Month ago
Oils			
Coconut (Phil)	$890.0y	—5	$950
Groundnut	‡	......	‡
Linseed Crude	‡	......	£511
Palm Malayan	$660v	—5	$690
Seeds			
Copra Phil	$575y	......	$625
Soyabean (U.S.)	$332.50w	—0.85	$343
Grains			
Barley Fut. Jan	£119.30	—0.85	£121.15
Maize	£146.00	......	‡
Wheat Fut. Jan	£123.40	+0.05	£124.10
No2 Hard Wint	‡	......	‡
Other commodities			
Cocoa ship't*	£1509.5	+15	£1564.5
Fut. March	£1441.5	+18.0	£1474.5
Coffee Ft. Jan.	£1843	—3.0	£1824
Cotton A. Index	88.80c	+0.85	86.70c
Gas Oil. Nov.	$252.50	—0.50	$244.25
Rubber (kilo)	78.50p	—1	77p
Sugar (Raw)	£140	—4	£161.50
Woolt'ps 64 s.	401p kilo	......	408p kilo

‡ Unquoted. w Nov. u Dec. v Jan. x Oct-Nov. y Nov-Dec. † Per 76 lb flask. * Ghana cocoa. n Nominal. c Cents per pound.

LONDON OIL SPOT PRICES

	Latest	Change + or —
CRUDE OIL—FOB ($ per barrel)		
Arabian Light	28.50-28.55	—0.05
Iranian Light	27.95-28.05	—
Arabian Heavy	26.50-26.65	—0.05
North Sea (Forties)	29.50-29.55	+0.02
North Sea (Brent)	29.60-29.70	—
African Bonny Li'ht	29.75-29.90	—
PRODUCTS—North West Europe CIF ($ per tonne)		
Premium gasoline	294-298	+1.0
Gas oil	251-258	—
Heavy fuel oil	170-174	—

GAS OIL FUTURES

Trading was thin throughout the day, reflecting a lack of interest on the physical market. After beginning the day a shade lower, prices moved down to reach the lows in early afternoon. New York and buying interest in physicals sparked a rally towards the close and the market ended near the highs, reports Premier Man.

Month	Yest'day's close	+ or —	Business Done
	$ U.S. per tonne		
Oct	249.75	—0.25	249.75-49.75
Nov	252.50	—0.50	252.75-51.25
Dec	254.25	—0.75	254.50-53.25
Jan	254.75	—0.50	255.00-53.25
Feb	252.50	—0.75	252.75-52.00
Mar	248.00	—0.25	247.75-47.50
April	243.75	—0.75	244.25-43.75
May	243.50	—	—
June	243.50	—	—

Turnover: 769 (1,003) lots of 100 tonnes.

GOLD MARKETS

Gold fell $3¾ an ounce from Friday's close in the London bullion market yesterday to finish at $382½-383½. The metal opened at $383½-384 and traded between a high of $383½-384 and a low of $381-381½. Gold tended to follow silver in a steady decline, with the afternoon fixing of $382.00 the lowest fixing level since August 1982.

In Luxembourg the dollar per ounce equivalent of the 12½ kilo bar *at the fixing was $383.0 from* 387.4.

In Frankfurt the 12½ kilo bar was fixed at DM 32,465 per kilo ($384.51 per ounce) against *DM 32,715 ($388.97) previously* and closed at $381½-382½.

In Zurich gold closed at $382½-$383.

LONDON FUTURES

Month	Yest'rday's close	+ or —	Business Done
	$ per troy ounce		
Nov	380.00-85.00	—6.5	—
Dec	385.50-85.70	—4.0	386.60-84.00
Feb	391.00-92.00	—4.9	—
April	397.00-99.00	—5.05	398.50-96.50
June	403.50-05.75	—5.35	—
Aug	409.50-12.50	—4.65	—

Turnover: 499 (617) lots of 100 troy ounces.

	Oct. 31		Oct. 28	
Gold Bullion (fine ounce)				
Close	$382½-383¼	(£256-256½)	$386¼-387	(£258¼-258¾)
Opening	$383¼-384	(£257-257½)	$386¼-387	(£258¼-258¾)
Morning fixing	$383.5	(£256.573)	$387.25	(£258.943)
After noon fixing	$382.0	(£255.570)	$387.75	(£259.016)

Gold Coins Oct. 31					
Krugrnd	$395-396½	(£264¼-264½)	King Sov	$92-93½	(£61½-62½)
½ Krg	$203½-204¼	(£136-136½)	Victoria Sov	$92-93½	(£61½-62½)
¼ Krg	$104-104¾	(£69½-70)	French 20s	$76.2-82.8	(£51-55½)
1/10 Krug	$42¼-43	(£28¼-28¾)	50 pesos Mex	$461.5-466.2	(£308¼-315)
Mapleleaf	$394¼-395¼	(£263½-265½)	100 Cor. Aust	$371.1-377.8	(£248¼-252)
New Sov	$90¾-91	(£60½-60¾)	$20 Eagles	$540-560	(£361¼-374½)
½ New Sov	$54-54½	(£36-36½)			

EUROPEAN MARKETS

ROTTERDAM, October 31.

Wheat—(U.S.$ per tonne): U.S. Two Red Winter: Nov 160, Dec 161.50, Jan 162.50, Feb 164.50, March 166. U.S. Northern Spring 14 *per cent protein* Nov 187, Dec 189.50, Jan 193, Feb 194, March 195, April-May 181.

U.S. Three Amber Durum Oct 10-Nov 10 201, Nov 201, Dec 201, April-May 206, Canadian Western Spring Spot 205.50, Oct-Nov 206.50.

Maize—(U.S.$ per tonne): U.S. Three Yellow afloat 164, Oct 163, Nov 161, Dec 161, Jan-March 161, April-June 160 sellers. Argentine Plate afloat 170, Oct 171, mid-Oct-mid-Nov 172, Nov 175 sellers.

Soyabeans—(U.S.$ per tonne): Two Yellow Gulfports Nov 326.50, Dec 328.50, Jan 332.50, Feb 336.50, March 340, April 341, May 341.75, Oct 267.50, Nov 267.30, Dec 270, Jan 275.50 sellers. Argentine afloat 323 sellers.

Soyameal—(U.S.$ per tonne): Afloat 259, Nov 264, Dec 268, Dec-March 274, Jan-March 277, April-Sept 271 sellers. After unloading from Serena 259, Jadran 259-258, Dec-March 273.50, Jan-March 276 traded. Pellets Brazil afloat 286, Nov 289.50, Dec 294.50, Jan-March 305, April-Sept 274.50, Oct-Dec 1984 250 sellers. Pellets Argentine afloat 278.50, Oct 277, Nov 282, Dec 286.50, Jan 290 sellers.

PARIS, October 31.

Cocoa—(FFr per 100 kg): Dec 1892-1894, March 1723-1727, May 1740 bid, July 1760 bid, Sept 1780 bid, Dec 1810 bid, March 1835 bid. Sales at call: 4.

Sugar—(FFr per tonne): Dec 1905-1915, March 2030-2035, May 2111-2115, Aug 2105-2115, Oct 2275-2295, Dec 2320-2340. Sales at call: 6.

BRITISH COMMODITY PRICES

BASE METALS

BASE METAL prices were marked down in early trading on the London Metal Exchange in line with the weaker precious metals, but mostly attracted some slight trade buying at the lower levels and closed above the worst. Copper touched £945 before rallying to £956.5. Lead was finally £282, Zinc £593.5, Aluminium £1,053 and Nickel £3,190. Tin was supported in the face of light selling pressure, and closed slightly firmer at £8,660.

COPPER

Amalgamated Metal Trading reported that in the morning higher-grade cash copper traded at £922, 23. Three Months £949, 48, 47, 46.50, 46, 45.50, 45, 45.50. *Cathodes*: Cash £903. *Kerb*: Higher Grade Three Months £945, 45.50, 46. Afternoon: Higher Grade Three Months £951, 51.50, 51, 53.50, 53, 53.50. Kerb Higher Grade Three Months £953, 53.50, 54, 54.50, 55, 56, 56.50, 57. Turnover: 19,875 tonnes.

COPPER	a.m. Official	+ or —	p.m. Unofficial	+ or —†
High Grde	£	£	£	£
Cash	925-.5	—12.5	930.5-1.5	—5.5
3 months	948-.5	—11.7	953.5-4	—3.5
Settlem't	923.5	—12.5	—	......
Cathodes				
Cash	903-4	—17	911-3	—7
3 months	925-7	—15	935-6	—5
Settlem't	904	—17	—	......
U.S. pro'd	—	......	*68-73	......

TIN

Morning: Standard: Cash £8,580, 85. Three Months £8,655, 60. High Grade Cash £8,720, 30. Three Months £8,715, 10. Kerb: Standard: Three Months £8,660. Afternoon: Standard: Three Months £8,661, 60, 61. Kerb: Standard: Three Months £8,662, 61, 60. High Grade: Cash £8,740. Turnover: 1,650 tonnes.

TIN	a.m. Official	+ or —	p.m. Unofficial	+ or —†
High Grde	£	£	£	£
Cash	8720-30	+15	8750-70	+27.5
3 months	8710-20	+50	8710-5	......
Settlem't	8730	+10	—	......
Standard				
Cash	8580-2	+3	8580-90	+5
3 months	8660-1	+5.5	8660-2	+5.5
Settlem't	8582	+2	—	......
Straits E.	$$30.10	—8.84	—	......
New York				

LEAD

Morning: Cash £269. Three Months £281, 80, 79, 78, 79, 78.50. Kerb: Three Months £278.50, 79. Afternoon: Cash £272.50, 72. Three Months £280.50, 80, 80.50, 81, 82, 82.50, 82. Kerb: Three Months £281, 82, 82.50. Turnover: 8,625 tonnes.

LEAD	a.m. Official	+ or —	p.m. Unofficial	+ or —†
	£	£	£	£
Cash	268.5-.75	—11.7	272-.25	—8.87
3 months	278-.25	—11	281.5-2	—8
Settlem't	268.75	—11.2	—	......
U.S. Spot	—	......	*25.9	......

ZINC

Morning: Three Months £596, 95, 95.50, 96, 95, 94.50, 94, 93, 93.50, 94, 93.50. Kerb: Three Months £593.50, 93, 92, 91, 90, 91, 91.50, 91. Afternoon: Three Months £591, 90.50, 93, 92.50, 92, 92.50. Kerb: Three Months £593, 94, 93.50, 93. Turnover: 12,475 tonnes.

ZINC	a.m. Official	+ or —	p.m. Unofficial	+ or —†
	£	£	£	£
Cash	580-.25	—19.1	579-.5	—6.25
3 months	593.5-4	—8.5	592.5-3	—1.25
Settlem't	580.25	—19.2	—	......
Primw'tsl	—	......	*46-.75	......

ALUMINIUM

Morning: Three Months £1,049, 49.50, 49, 48, 47.50. Kerb: Three Months £1,047.50, 47, 48, 49. Afternoon: Three Months £1,051, 51.50, 52, 53, 53.50. Kerb: Three Months £1,053, 52.50, 53, 54, 54.50, 54, 53.50. Turnover: 12,600 tonnes.

Aluminium	a.m. Official	+ or —	p.m. Unofficial	+ or —†
	£	£	£	£
Spot	1020.5-1	—17	1025.5-5.5	—10
3 months	1047-.5	—16	1052.5-3	—3

NICKEL

Morning: Cash £3,112. Three Months £3,185, 90, 87, 85, 81, 82, 85, 86. Kerb: Three Months £3,185. Afternoon: Three Months £3,190, 85, 90, 93, 94, 92, 93. Kerb: Three Months £3,195. Turnover: 1,098 tonnes.

NICKEL	a.m. Official	+ or —	p.m. Unofficial	+ or —†
Spot	3112-3	—34	3120-5	—32.5
3 months	3186-7	—41	3193-5	—33.5

* Cents per pound. ‡ MS per kilo. † On the previous unofficial close.

SILVER

Silver was fixed 17.95p an ounce lower for spot delivery in the London bullion market yesterday at 584.2p. U.S. cent equivalents of the fixing levels were: spot 874c, down 26.2c; three-month 894.7c, down 26.2c; six-month 916.3c, down 28.5c; and 12-month 958.4c, down 27.4c. The metal opened at 586-588p (875-879c) and closed at 583-585p (871-875c).

SILVER per troy oz.	Bullion fixing price	+ or —	L.M.E. p.m. Unoff'l	+ or —
Spot	584.20p	—17.95	583.75p	—17.2
3 months	597.40p	—17.95	597.5p	—17.8
6 months	611.35p	—18.0	—	......
12 months	637.95p	—18.6	—	......

LME — Turnover 49 (71) lots of 10,000 ozs. Morning: Three months 599.0, 98.5, 98.3, 98.0, 97.5, 97.6, 97.5. Kerb: Three months 598.0. Afternoon: Three months 600.0, 599.5. Kerb: Three months 600.0.

COCOA

Although tending to wallow in thin volume during the morning, futures rallied sharply this afternoon on renewed commission house buying and closed on a fully steady note at the highs of the day, reports Gill and Dufus.

COCOA	Yesterday's Close	+ or —	Business Done
	£ per tonne		
Dec	1434-35	+15.0	1435-15
March	1441-42	+19.0	1442-16
May	1460-62	+24.5	1464-28
July	1472-73	+23.0	1473-43
Sept	1484-87	+26.5	1485-58
Dec	1495-05	+23.5	1487-75
March	1512-20	+24.5	—

Sales: 2,935 (1,398) lots of 10 tonnes. ICCO—Indicator prices (U.S. cents per pound). Daily price for Oct 31: 94.58 (93.32); five-day average for Nov 1: 93.43 (93.33).

COFFEE

After a slightly steadier opening trade buying encouraged further gains in thin dealings reports Drexel Burnham Lambert. However, good commission house selling during an active afternoon influenced falls of around £20.00 before later profit-taking partially restored values.

COFFEE	Yest'day's Close	+ or —	Business Done
Nov	1834-36	—11.5	1855-33
January	1842-44	—5.0	1862-35
March	1796-97	—11.5	1816-90
May	1764-65	—16.5	1784-57
July	1740-45	—15.5	1760-50
Sept	1715-20	—10.5	1734-20
Nov	1700-05	—2.5	1710-05

Sales: 3,820 (4,343) lots of 5 tonnes. ICO indicator prices (U.S. cents per pound) for Oct 28: Comp daily 1979 134.20 (134.72); 15-day average 136.22 (136.26).

GRAINS

	WHEAT		BARLEY	
Mnth.	Yestrdy's close	+ or —	Yest'day's close	+ or —
Nov	120.20	—0.50	115.70	—0.65
Jan	123.40	—0.50	119.30	—0.50
Mar	126.40	—0.50	122.30	—0.45
May	129.35	—0.45	124.30	—0.45
July	132.30	—0.20	—	......
Sept	117.15	—0.80	113.00	—0.75

Business done—Wheat: Nov 120.20 only, Jan 123.50-23.40, March 126.40 only, May untraded, July untraded, Sept untraded. Sales 38 lots of 100 tonnes. Barley: Nov 116.10-115.70, Jan 119.35-19.30, March 122.30 only, May 124.30 only, Sept 113.25 only. Sales: 110 lots of 100 tonnes.

POTATOES

Buying in London against Dutch arbitrage put values higher initially, with April reaching £216.50 before chartist selling and light profit-taking in a thin market eased levels back, closing slightly easier on the day.

Month	Yestday's close	Previous close	Business Done
	£ per tonne		
Nov	155.90	156.30	156.50-56.3
Feb	182.80	184.00	184.00-82.5
April	213.20	214.80	216.50-12.5
May	217.60	219.00	221.00-17.5
Nov	81.00	82.00	—

Sales: 644 (309) lots of 40 tonnes.

RUBBER

The physical market opened slightly steadier, attracted little interest throughout the day and closed dull, reported Lewis and Peat. The Kuala Lumpur October fob price for RSS No 1 was 256.00 (254.75) cents a kg and for SMR20 212.00 (211.50).

No. 1 R.S.S.	Yest'day's close	Previous close	Business Done
	£ per tonne		
Dec	794-795	789-797	794-789
Jan	790-800	790-799	—
JanMch	791-792	791-792	795-790
Apl-Jne	808-809	810-811	811-808
Jly-Sept	823-824	825-826	825-824
Oct-Dec	838-840	836-839	—
JanMch	850-854	851-854	—
Apl-Jne	865-870	866-869	—
JlySept	882-885	881-886	—

Sales: 161 (97) lots of 15 tonnes, 19 (nil) lots of 5 tonnes.

Physical closing prices (buyers) were: Spot 78.50p (79.50p); Dec 79.50p (78.50p); Jan 80.00p (same).

SOYABEAN MEAL

The market opened 50p down in dull trading, reports T. G. Roddick. Prices steadied on trade-buying to close about unchanged.

	Yestday's close	+ or —	Business Done
	£ per tonne		
Dec	182.50-82.79	—0.25	182.80-81.50
Feb	189.50-90.30	+0.40	189.00-88.50
April	189.60-90.50	+0.55	188.60
June	188.00-88.00	+0.25	—
August	186.00-88.00	—	—
October	175.00-78.00	+1.50	177.00-76.00
Dec	168.00-72.00	—3.00	172.00

Sales: 124 (82) lots of 100 tonnes.

SUGAR

LONDON DAILY PRICE—Raw sugar £140.00 (£144.00) a tonne for Oct-Nov-Dec shipment. White Sugar £156.00 (£159.00).

The market came under immediate pressure at the opening and prices lost some £1.50 from pre-weekend levels. Later New York was weak and further losses of some £1.50 were recorded.

No.4 Contract	Yest'day's close	Previous close	Business done
	£ per tonne		
Dec	159.00-60.25	164.00-64.50	164.00-59.00
Mar	158.00	162.25-62.40	162.25-57.50
May	163.25-63.50	167.25-67.50	167.25-63.00

Sales: 2,197 (3,049) lots of 50 tonnes. Tate and Lyle delivery price for granulated basis sugar was £248.00 (£252.20) a tonne for export.

International Sugar Agreement—(U.S. cents per pound fob and stowed Caribbean ports.) Prices for Oct 28: Daily price 8.78 (8.71); 15-day average 9.63 (9.74).

COTTON

LIVERPOOL — Spot and shipment sales amounted to 374 tonnes. Orders were more extensive and business remained brisk, as customers dealt with the weekend demand. Useful contracts were arranged on Middle Eastern account, while African qualities were also sought on a broader scale.

GRAINS

LONDON GRAINS—Wheat: U.S. Dark Northern Spring No. 1 14 per cent Nov 137, Dec 137.50, Jan 139.75 transhipment East Coast sellers. English Feed fob Nov 124.50 East Coast seller. Maize: French 1st half Nov 146, 2nd half Nov 146.50 East Coast sellers. Barley: English Feed fob Nov 119.25 paid East Coast. Scottish Nov 120, Dec 121.50 sellers East Coast Scotland. Rest unquoted.

HGCA — Locational ex-farm spot prices. Feed Wheat: Eastern 119.10, E. Mids 119.80, N. East 121.60, Scotland 120.80. Feed Barley: Eastern 117.30, E. Mids 116.00, N. East 117.80. The UK monetary coefficient for the week *beginning Monday November 7 (based* on HGCA calculations using 4 days exchange rates) is expected to remain unchanged.

Wheat and barley markets remained extremely quiet easing on a weaker physical market and lack of export inquiries closing 50p-30p down on wheat and 45p-75p down on barley, reports Muirpace.

TEA AUCTIONS

LONDON TEA AUCTION — 22,375 *packages were on offer in this week's* sale. Demand was very strong and active plainer descriptions advanced 5p-10p whilst brighter sorts gained 10p-20p. Quotations: Quality 214p a kg (197p), medium 196p a kg (183p), low medium 166p a kg (162p).

INDICES

FINANCIAL TIMES

Oct. 28	Oct. 27	M'th ago	Y'ar ago
284.89	283.71	288.14	287.18

(Base: July 1 1952=100)

REUTERS

Oct. 31	Oct. 28	M'th ago	Y'ar ago
1880.5	1890.5	1883.7	1519.1

(Base: September 18 1931=100)

MOODY'S

Oct. 28	Oct. 27	M'th ago	Yearago
1030.9	1033.1	1051.9	973.2

(Base: December 31 1974=100)

DOW JONES

Dow Jones	Oct. 28	Oct. 27	Month ago	Year ago
Spot	136.42	135.8	141.35	127.16
Fut's	142.27	141.39	146.92	134.22

(December 31 1931=100)

WOOL FUTURES

SYDNEY GREASY WOOL—Close (in order: buyer, seller, business). Australian cents per kg. Dec 558.0, 558.5, 558.5-558.5; March 576.0, 577.0, 577.5-577.0; May 587.5, 588.0, untraded; July 598.0, 602.0, 600.0-600.0; Oct 595.0, 598.0, untraded; Dec 606.0, 610.0, untraded; March 620.0, 624.0, 620.0-620.0. Sales: 10.

LONDON NEW ZEALAND CROSSBREDS—Close (in order: buyer, seller, business). New Zealand cents per kg. Oct expired 470-380; Dec 407, 408, 408-407; Jan 405, 408, untraded; March 418, 422, 420; May 420, 424, 419-418; Aug 437, 440, 435; Oct 438, 442, 437; Dec 441, 445, untraded; Jan 440, 448, untraded; March 448, 455, untraded. Sales: 26.

MEAT/FISH

GRIMSBY FISH—Supply fair, demand good. Prices at ship's side (unprocessed) per stone: Shelf cod £5.50-£7.50, codlings £4.00-£5.00; Medium Haddock £4.00-£4.90, small £3.30-£4.00; Medium Plaice £6.40-£7.20, Best Small £6.00-£8.50; Skinned Dogfish (large) £7.00, small £4.00; Lemon Sole (large) £9.00, medium £7.00; Rockfish £4.50.

SMITHFIELD — Beef: Scotch killed sides 81.0 to 87.0; Ulster hindquarters 92.0 to 96.0, forequarters 58.0 to 62.0; Eire hindquarters 93.5 to 97.5, forequarters 58.0 to 61.5. Veal: Dutch hinds and ends 141.0 to 144.0. Lamb: English small 58.0 to 63.0, medium 58.0 to 62.0, heavy 56.0 to 58.0; Imported: New Zealand PL 59.5 to 60.0; PX 57.5 to 58.0. Pork: English under 100 lb 45.5 to 55.0, 100-120 lb 48.0 to 53.5, 120-160 lb 48.0 to 52.0.

MEAT COMMISSION — Average fatstock prices at representative markets. GB—Cattle 96.10p per kg lw (+0.79). GB—Sheep 127.45p per kg est dcw (—6.16). GB—Pigs 77.13p per kg lw (+0.38).

COVENT GARDEN—London: Prices for the bulk of produce, in sterling per package except where otherwise stated. Imported Produce: Satsumas—Spania: 2.80-3.70. Oranges—Spania: 6.00-7.00; Outspan: Valencia Lates 56 7.70, 72 7.70, 88 7.60, 112 6.80, 138 6.30, 150 5.30; Brazilian: Valencia Lates 5.50-6.00; Uruguayan: 6.00-6.50. Lemons—Italian: Carton 7.00-7.50; Turkish: 6.00-7.00; Cyprus: 10-kg boxes 5.00-6.00; Greek: 15-kg 7.00-7.50. Grapefruit—Honduras: Box 5.00-5.50; Dominican: 5.80-6.50; Cuban: 4.40-4.50; Jaffa: 32 5.80, 36 6.00, 40 6.20, 48 5.85, 56 5.65, 64 5.40, carton, pink, 6.00-6.50; U.S. ruby 9.60, 10.00.

Apples — French: Golden Delicious carton 6.50-7.00, half-carton 3.20-3.40, Granny Smith carton 7.60-8.40, half-carton 3.60-4.20, Starkrimson, carton 6.80-7.20; Hungarian: Red Delicious 19-kg approx. 7.00; U.S. Red Delicious new season carton 13.50-14.50. Pears—Italian: Williams 0.20-0.24; French Comice 0.14-0.16. Grapes—Italian: Per pound, Italia 0.25-0.34; Spanish: Italia 0.30-0.35, Almeria 0.18-0.22, Napoleon 0.25-0.27.

Melons—Spanish: 10-kg Green 3.00-4.00; Golia small tray 5.50-7.50. Bananas — Colombian: 40-lb boxes 10.30-10.50. Avocados—Canary: 3.80-4.20; Israeli: 4.00-4.50; U.S. 4.50-5.00. Pineapples—Each: Ivory Coast 0.45-1.60; Cape: 0.50-1.30. Paw Paws—Brazilian: 6.00-7.00. Mangoes—Brazilian: 8.00-9.00; Kenyan: 8.00-8.50.

Fennel—Italian: 9-kg 4.50-5.00. Figs—Smyrna: 48's x 8 oz 9.20-9.60. Kiwi-fruit—New Zealand: 6.00-6.20. Tomatoes—Spanish: Tray 3.60-4.00; Dutch: Tray 3.60-3.80, beefsteak 5.40-6.50. Aubergines—Dutch: 5-kg 6.00-6.60; Kenyan: 4.00-4.50. Onions—Spanish: 25-kg nets Zaragoza 4.80-5.20; Dutch: 50/70 mm 4.00-4.20; Hungarian: 4.30; Polish: 4.60-4.80. Capsicums—Dutch: yellow 5.50-6.00, green 4.20, red 4.50-5.00. Cabbages—Dutch: Red 5.60, White 5.20-5.60. Sugar Peas—Kenyan: Per pound, 1.40-1.60. Persimmons—Italian *tray* 3.00-3.60. *Globe* Artichokes—French: 24's 7.50-7.80. Lettuce—Dutch: Trays 24's 4.40-4.60. Cucumbers—Trav, Dutch: 3.80-4.00; Spanish: 2.80-3.00; Canary: 2.80-3.20. Courgettes—French: Per pound 0.35-0.40. Chestnuts—Italian: 22-lb 6.00-11.00. Dates—Packets x 30 0.55-0.62.

Brazils—Large washed Manaos per pound 0.46. Walnuts — Chinese: Per pound 0.29-0.30; French Grenoble 0.60-0.65. Filberts — Sicilian: Per pound 0.29-0.30. Almonds—Ibiza: Semi-soft per pound 0.40-0.41. Pecans—U.S.: Per pound 0.85-0.9?. Cranberries—U.S.: Pack x 18 6-oz 7.20, 24 x 12-oz 12.50. Pomegranates — Spanish: 4.50-5.50. Calabrese—Jersey: Per pound 0.35-0.40; Italian 0.20-0.22. Sprouts—Dutch: Per pound 0.17-0.18.

English Produce: Apples—Per pound, Bramley new season 0.12-0.18, Howgate 0.10-0.11, Cox's 0.14-0.24, Russet 0.18-0.18, Spartan 0.14-0.18, Laxton's Superb 0.10-0.14. Pears—Per pound, Comice 0.14-0.22, Conference 0.12-0.18. Potatoes—3.80-5.20, bakers 8.00-8.00. Mushrooms—Per pound, open 0.70-0.90, closed 1.00-1.20. Lettuce—Per tray, round 1.60-1.80, Webb's 2.00-2.60, Cos 2.00-2.20, Iceberg, per dozen, 6.00-8.50. Onions—Per 55-lb 4.00-4.40. Cabbages—Per 25-lb Celtic 2.50-2.80, Primo 2.50-2.80. Greens—28-lb Kent 2.40-2.80. Cauliflowers—12's Lincoln 4.00-4.60, Kent 5.00-5.40. Cucumbers—1.80-2.20. Tomatoes—Hothouse, 12-lb 2.00-2.60. Celery—3.00. Beetroots—28-lb 2.00-2.20. Turnips—28-lb 2.00-3.00. Swedes—28-lb 1.20-1.40. Capsicums—Green, per pound, 0.22-0.26. Leeks—Per pound 0.22-0.25. Carrots—28-lb 1.20-1.80. Parsnips—28-lb 2.50-3.00. Sprouts—Per pound 0.18-0.20. Fennel—Per pound 0.25-0.30. Calabrese—Per pound, Kent 0.40-0.50.

AMERICAN MARKETS

NEW YORK

COCOA 10 tonnes, $/tonnes

	Close	High	Low	Prev
Dec	1963	2000	1940	1946
March	1989	2030	1977	1981
May	2016	2060	2010	2004
July	2046	2045	2037	2030
Sept	2068	2075	2053	2058
Dec	2095	2078	2073	2075
March	2108	—	—	2086

COPPER 25,000 lb, cents/lb

	Close	High	Low	Prev
Nov	62.35	—	—	63.20
Dec	62.95	63.50	62.70	63.80
Jan	63.60	63.70	63.70	64.45
March	64.85	65.40	64.60	65.70
May	66.10	66.65	65.90	67.00
July	67.40	67.95	67.30	68.38
Sept	68.70	69.30	68.70	69.60
Dec	70.80	71.30	—	71.70
Jan	71.50	71.80	71.80	72.40
March	72.85	73.00	—	73.75

COFFEE "C" 37,000 lbs, cents/lbs

	Close	High	Low	Prev
Dec	141.54	141.70	137.80	139.09
March	138.64	138.80	136.70	137.86
May	135.50	135.50	133.80	134.72
July	132.83	132.65	131.80	132.88
Sept	130.00	130.45	—	130.00
Dec	128.30	128.50	127.60	127.30
March	126.50	—	—	128.13

COTTON 50,000 lb, cents/lb

	Close	High	Low	Prev
Dec	79.92	79.99	79.31	80.22
March	81.05	81.10	80.62	81.37
May	81.65	81.88	81.40	82.00
July	81.92	81.98	81.25	82.00
Oct	75.95	76.05	75.65	76.35
Dec	74.70	74.75	74.35	74.97
March	75.70	76.05	76.05	75.95

GOLD 100 troy oz, $/troy oz

	Close	High	Low	Prev
Nov	376.2	383.0	375.5	387.0
Dec	378.8	386.3	378.0	389.8
Feb	385.0	392.0	384.0	396.1
April	391.4	398.2	390.5	402.6
June	397.9	405.4	397.0	409.2
Aug	404.5	411.0	403.5	416.0
Oct	411.4	415.5	410.5	423.1
Dec	418.6	425.0	419.0	430.4
Feb	385.0	392.0	384.0	396.1

HEATING OIL 42,000 U.S. gallons, cents/U.S. gallons

	Close	High	Low	Prev
Nov	79.96	80.20	79.50	80.07
Dec	81.35	81.50	80.75	81.24
Jan	82.18	82.45	81.50	81.93
Feb	82.07	82.15	81.20	81.59
March	80.03	80.20	79.15	79.51
April	77.49	78.00	72.50	77.95
May	76.95	76.50	76.50	76.50
June	76.20	—	—	75.75

ORANGE JUICE 15,000 lbs, cents/lbs

	Close	High	Low	Prev
Nov	128.30	128.30	127.80	127.70
Jan	123.35	123.75	122.60	122.55
March	121.60	121.75	120.70	120.30
May	120.50	120.60	120.01	119.20
July	120.30	120.50	119.75	118.90
Sept	119.05	119.20	119.20	118.40
Nov	118.85	—	—	117.75
Jan	114.95	—	110.02	114.75

PLATINUM 50 troy oz, $/troy oz

	Close	High	Low	Prev
Nov	373.1	—	—	388.1
Dec	375.1	385.0	390.0	390.1
Jan	377.1	388.5	376.5	392.1
April	383.0	393.0	382.0	398.1
July	389.9	399.5	388.0	405.1
Oct	396.8	406.5	400.0	412.1
Jan	404.2	—	—	419.6

SILVER 5,000 troy oz, cents/troy oz

	Close	High	Low	Prev
Nov	840.0	876.0	838.0	908.0
Dec	860.0	886.1	863.0	913.0
Jan	870.7	888.0	878.0	—
March	885.5	908.0	885.5	935.5
May	901.7	920.0	903.0	951.7
July	918.1	940.0	918.1	968.1
Sept	934.6	954.0	934.6	984.6
Dec	959.6	982.0	959.6	1009.6
Jan	967.9	980.0	980.0	1017.9
March	984.5	997.0	984.5	1034.5

SUGAR WORLD "11" 112,000 lbs, cents/lbs

	Close	High	Low	Prev
Jan	8.85	9.03	8.85	9.18
March	9.36	9.50	9.33	9.66
May	9.71	9.87	9.70	10.03
July	10.05	10.18	10.02	10.35
Sept	10.34	10.38	10.33	10.60
Oct	10.51	10.58	10.47	10.77
Jan	10.58	10.75	10.75	10.91
March	11.46	11.55	11.46	11.78

CHICAGO

LIVE CATTLE 40,000 lbs, cents/lbs

	Close	High	Low	Prev
Dec	59.42	59.70	58.82	59.77
Feb	59.62	60.15	59.12	59.37
April	61.67	62.10	61.40	61.72
June	63.75	64.15	63.70	63.97
Aug	62.85	63.15	62.75	63.00
Oct	61.50	61.50	61.50	61.60

LIVE HOGS 30,000 lbs, cents/lbs

	Close	High	Low	Prev
Dec	43.32	43.80	43.25	43.72
Feb	46.95	47.20	46.57	47.02
April	46.67	46.95	46.15	46.45
June	51.97	52.15	51.55	51.77
July	54.00	54.00	53.55	53.80
Aug	53.00	53.55	53.00	52.72
Oct	52.50	52.75	52.20	52.00
Dec	53.40	53.40	52.55	52.50

MAIZE 5,000 bu min, cents/56 lb-bushel

	Close	High	Low	Prev
Dec	344.6	347.4	344.2	347.6
March	342.6	345.6	342.4	344.4
May	341.2	344.2	340.4	341.6
July	337.2	340.0	335.6	337.0
Sept	307.4	310.0	307.0	307.4
Dec	287.2	290.2	286.6	287.0

PORK BELLIES 38,000 lbs, cents/lbs

	Close	High	Low	Prev
Feb	62.52	63.00	62.05	62.52
March	62.77	63.25	62.25	62.70
May	64.22	64.60	63.75	63.92
July	64.57	65.15	64.20	64.20
Aug	62.95	63.85	62.80	62.62

SOYABEANS 5,000 bu min, cents/60lb, bushel

	Close	High	Low	Prev
Nov	812-0	838-0	811-0	826-0
Jan	830-4	858-0	828-0	844-4
March	845-4	871-0	845-0	859-4
May	851-0	874-0	850-0	863-4
July	846-0	870-0	845-0	856-4
Aug	819-0	848-0	819-0	839-0
Sept	745-0	763-0	744-0	754-0
Nov	676-0	687-0	673-0	678-4
Jan	686-0	—	—	688-0

SOYABEAN MEAL 100 tons, $/ton

	Close	High	Low	Prev
Dec	230.9	236.8	230.5	235.7
Jan	232.5	238.3	232.2	236.7
March	233.8	239.8	233.5	238.0
May	232.0	237.5	232.0	234.5
July	231.0	235.0	230.5	233.3
Aug	221.0	225.0	220.5	222.5
Sept	207.5	210.0	207.0	208.5
Oct	188.8	191.0	188.5	191.5
Dec	187.5	192.5	187.5	189.5
Jan	188.0	—	—	189.5

SOYABEAN OIL 60,000 lbs, cents/lbs

	Close	High	Low	Prev
Dec	28.30	29.55	28.25	28.72
Jan	28.38	28.60	28.35	28.86
March	28.81	—	28.80	29.10
May	28.86	—	28.88	29.25
July	29.06	29.95	29.05	29.30
Aug	28.80	29.40	28.80	28.80
Sept	27.10	28.00	27.10	27.30
Oct	25.50	25.80	25.35	25.66
Dec	25.10	25.50	25.00	25.30

WHEAT 5,000 bu min, cents/60 lb-bushel

	Close	High	Low	Prev
Dec	354.4	368.4	354.4	368.6
March	367.4	373.2	367.2	372.2
May	369.4	372.4	367.4	371.4
July	355.0	357.4	354.0	357.2
Sept	362.6	365.0	361.6	363.4
Dec	376.2	377.4	374.0	377.6

SPOT PRICES—Chicago loose lard 18.00 (18.50) cents per pound. New York tin 598.00-603.00 (597.00-603.00) cents per pound.

CURRENCIES, MONEY and CAPITAL MARKETS

FOREIGN EXCHANGES

Dollar and pound gain ground

Friday's U.S. M1 money supply figures had less impact than might have been expected on the dollar yesterday. The market tended to concentrate on the better than expected trade figures announced on the same day, feeling that the encouraging fall of $2.4bn in M1 merely balanced the similarly large rise the previous week, and was unlikely to have any significant impact of the Federal Reserve's monetary policy. *Although M1 is* now near the bottom of the target range financial markets do not expect the Fed to encourage lower interest rates ahead of the Treasury's November refunding package, while there is also some fear that the money supply numbers will tend to *grow towards the end of the* year.

Sterling moved in line with the dollar, closing unchanged against the U.S. currency, but improving against the Continentals.

DOLLAR — Trade-weighted index (Bank of England) 126.8 against 122.6 six months ago. The dollar has retreated from the peaks touched in August, amid hopes that a sustained fall was imminent, following better money supply figures and a slight easing of interest rates. A large U.S. Budget deficit is likely to restrain the fall in interest rates and the dollar, but downward pressure on the currency will continue due to the substantial trade deficit.

The dollar rose to DM 2.63 from DM 2.6215 against the D-mark; FFr 8.01 from FFr 7.9925 against the French franc: SwFr 2.1420 from SwFr 2.1310 in terms of the Swiss franc; and Y234 from Y232.70 against the Japanese yen.

STERLING — Trading range against the dollar in 1983 is 1.6235 to 1.4540. September average 1.4991. Trade-weighted index 83.7 against 83.7 at noon, 83.6 at the opening, 83.5 at the *previous close, and 84.2 six* months ago. The pound has tended to move with the dollar recently, although a decline against Continental currencies is probably welcomed. It has also reacted to Middle East tension, and its effect on oil supplies, highlighting the pound's status as a petrocurrency.

Sterling advanced to DM 3.9350 from DM 3.9225; FFr 11.9750 from FFr 11.9350; SwFr 3.2025 from SwFr 3.19; and Y350 from Y348.25.

The pound opened at $1.4930-1.4940, and traded within a narrow range of $1.4915-1.4965, before closing unchanged at $1.4950-1.4960.

D-MARK — Trading range against the dollar in 1983 is 2.7315 to 2.3320. September average 2.6683. Trade weighted index 126.6 against 129.6 six months *ago. The D-mark has improved* after falling to its lowest level for nearly ten years against the dollar in August. As U.S. money supply figures have improved, attention has switched towards German money supply growth, which is causing some concern and encouraging the Bundesbank to keep interest rates firm. This coupled with the strong German economy is likely to support the D-mark against its EMS partners and the dollar.

The D-mark lost ground against the dollar at yesterday's fixing in Frankfurt. The dollar was fixed at *DM 2.6264* compared with DM 2.6160 on Friday with the Bundesbank selling a nominal $1.5m. The dollar's fixing level was some way below the opening level of DM 2.6295 however, reflecting some liquidation of positions after the weekend. Elsewhere sterling rose to *DM 3.927 from DM 3.9100 while* the Swis franc eased to DM 1.2294 from DM 1.2313.

ITALIAN LIRA — Trading range against the dollar in 1983 is 1,618.75 to 1,343. September average 1,601.15. Trade weighted index 49.6 against 62.0 six months ago. The lira has fallen to record lows against the dollar this summer and has recently shown a weaker tendency within the EMS, based on an end to seasonal lira demand and a stronger D-mark.

The lira showed marginal falls against most currencies at yesterday's fixing in Milan. The dollar rose to L1,597.2 from L1,592.7 *and sterling* was higher at L2,387.4 from L2,380. Within the EMS the D-mark eased to L608.3 from L608.37 while the French franc improved to *L199.73 from L199.69.*

EMS EUROPEAN CURRENCY UNIT RATES

	ECU central rates	Currency amounts against ECU October 31	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc ...	44.9008	45.9285	+2.29	+1.77	±1.5447
Danish Krone ...	8.14104	8.14796	+0.09	−0.43	±1.6425
German D-Mark	2.24184	2.25884	+0.76	+0.24	±1.0642
French Franc ...	6.87456	6.87549	+0.01	−0.51	±1.4052
Dutch Guilder ...	2.52595	2.53245	+0.26	−0.26	±1.4964
Irish Punt	0.72569	0.726480	+0.11	−0.41	±1.6699
Italian Lira	1403.49	1372.10	−2.24	+2.24	±4.1505

Changes are for ECU, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

OTHER CURRENCIES

Oct. 31	£	$		£ Note Rates
Argentina Peso...	23.36-23.46	15.65-15.68	Austria...	27.50-27.80
Australia Dollar	1.6330-1.6350	1.0933-1.0939	Belgium	80.40-81.20
Brazil Cruzeiro...	1,227-1,229	816-822	Denmark	14.10 14.24
Finland Markka...	8.4642-8.4774	5.6710-5.6730	France	11.91-12.03
Greek Drachma...	140.15 140.75	93.95-94.10	Germany	3.91-3.95
Hong Kong Dollar	11.64 1/4-11.66 1/4	7.7975 7.8025	Italy	2370-2405
Iran Rial	129.15*	86.75*	Japan	347 352
Kuwait Dinar (KD)	0.4350-0.4355	0.29152-0.29157	*Netherlands*	4.38 1/4-4.42 1/4
Luxembourg Fr.	79.90-80.00	53.47-53.49	Norway	10.98-11.08
Malaysia Dollar...	3.50 1/4-3.51 1/4	2.345 2.347	Portugal	190 218
New Zealand Dlr.	2.2545-2.2595	1.5094 1.5117	Spain	223 1/4-238 1/4
Saudi Arab. Riyal	5.1975-5.2015	3.4801 3.4803	Sweden	11.62-11.72
Singapore Dollar	3.1875 3.1975	2.1340 2.1360	Switzerland	3.18-3.21
Sth. African Rand	1.7447 1.7518	1.1730-1.1744	*United States*	1.48 1/2-1.50 1/2
U.A.E. Dirham...	5.4840 5.4895	3.6720-3.6730	Yugoslavia	194-213

* Selling rates.

CURRENCY RATES

Oct. 31	Bank rate %	Special Drawing Rights	European Currency Unit
Sterling	—	0.708406	0.574723
U.S. $	8 1/2	1.05928	0.859038
Canadian $	9.49	*	1.05651
Austria Sch	3 3/4	19.5713	15.8750
Belgian F	9	55.5975	45.9285
Danish Kr.	7	10.0393	8.14798
D mark	4	2.78209	2.25884
Guilder	5	3.12329	2.53245
French F	9 1/2	N/A	6.87549
Lira	17	1691.93	1372.10
Yen	5	247.501	200.886
Norwgn Kr.	8	7.81960	6.34271
Spanish Pta	—	161.172	130.703
Swedish Kr	8 1/2	8.28039	6.71381
Swiss Fr.	4	2.26336	1.83705
Greek Dr'ch	20 1/2	N/A	80.8163

* C$/SDR rate for October 28: 1.30731

CURRENCY MOVEMENTS

Oct. 31	Bank of England Index	Morgan Guaranty Changes%
Sterling	85.7	−7.4
U.S. dollar	126.8	+15.
Canadian dollar	92.1	+1.1
Austrian schilling	117.0	+3.75
Belgian franc	90.6	−11.
Danish kroner	80.1	−4.8
Deutsche mark	126.6	+7.73
Swiss franc	151.8	+12.3
Guilder	116.3	+4.8
French franc	67.5	−14.6
Lira	49.6	−11.6
Yen	152.9	+10.5

Morgan Guaranty changes: average 1980-1982=100. Bank of England index (base average 1975=100).

THE POUND SPOT AND FORWARD

Oct 31	Day's spread	Close	One month	% p.a.	Three months	% p.a.
U.S.	1.4915-1.4965	1.4950-1.4960	0.03-0.08c dis	−0.44	0.16-0.21dis	−0.49
Canada	1.8380-1.8440	1.8425-1.8435	0.03cpm-0.07dis	−0.33	0.03-0.13dis	−0.17
Nethlnd.	4.39 1/2-4.42 1/2	4.40 1/2-4.41 1/2	1 7/8-7/8c pm	3.06	3 3/4-3 1/4 pm	3.08
Belgium	79.65-80.15	79.80-80.00	8c pm-2 dis	0.45	par-10 dis	−0.25
Denmark	14.14-14.19 1/2	14.18-14.19	1/4-1 1/4ore dis	−0.74	4 1/2-6 1/2 dis	−1.53
Ireland	1.2616-1.2670	1.2640-1.2650	0.27-0.41p dis	−3.23	0.93-1.09dis	−3.19
W. Ger.	3.91 1/2-3.94 1/2	3.93-3.94	1 1/2-1pf pm	3.81	3 1/2-3 pm	3.30
Portugal	186.25-187.75	187.00-187.50	200-445c dis	−20.67	690-1300d	−21.26
Spain	226.90-227.90	227.30-227.50	230-280c dis	−13.46	720-805dis	−13.41
Italy	2,384-2,391	2,389-2,391	14-16 lire dis	−7.53	44 1/2-47 1/2dis	−7.70
Norway	11.01-11.05	11.04-11.05	3 1/2-4 1/2ore dis	−4.48	11-11 7/8 dis	−4.12
France	11.94-11.98	11.97-11.98	2 1/2-3 1/2c dis	−3.01	9 1/2-11 dis	−3.42
Sweden	11.66-11.70	11.69-11.70	2 3/4-3 3/4ore dis	−3.08	10-11 1/2 dis	−3.68
Japan	348 1/2-350	349 1/2-350 1/2	0.90-0.80y pm	2.91	2.60-2.40 pm	2.86
Austria	27.50-27.70	27.63-27.68	8 1/4-6 3/4gro pm	3.28	20 1/2-17 3/4 pm	2.74
Switz.	3.18 1/2-3.21 1/2	3.19 3/4-3.20 3/4	1 3/4-1 1/4c pm	5.62	4 1/2-3 1/2 pm	5.00

THE DOLLAR SPOT AND FORWARD

Oct 31	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.4915-1.4965	1.4950-1.4960	0.03-0.08c dis	−0.44	0.16-0.21dis	−0.49
Ireland†	1.1835-1.1845	1.1835-1.1845	0.33-0.24c pm	2.89	0.88-0.76 pm	2.77
Canada	1.2320-1.2327	1.2322-1.2327	0.05-0.03c pm	0.39	0.12-0.09 pm	0.34
Nethlnd.	2.9460-2.9510	2.9460-2.9475	0.90-0.80c pm	3.46	2.65-2.55 pm	3.52
Belgium	53.39-53.50	53.47-53.49	4 1/2-3c pm	0.84	4-1 pm	0.19
Denmark	9.4720-9.4985	9.4775-9.4875	1/4ore pm-1/4 dis	—	1.40-1.90 dis	−0.7
W. Ger.	2.6240-2.6340	2.6295-2.6305	0.89-0.84pf pm	3.94	2.53-2.48 pm	3.81
Portugal	125.05-125.45	125.05-125.35	130-290c dis	−20.13	450-850dis	−20.76
Spain	152.02-152.33	152.02-152.07	150-175c dis	−12.82	470-540dis	−13.28
Italy	1,596 1/2-1,598 1/2	1,598-1,598 1/2	9 1/2-10 lire dis	−7.32	31-32 dis	−7.88
Norway	7.3790-7.3900	7.3800-7.3900	2.30-2.60ore dis	−3.98	6.60-6.90dis	−3.65
France	7.9950-8.0225	8.0075-8.0125	1.60-1.80c dis	−2.56	5.50-6.00dis	−2.87
Sweden	7.8140-7.8300	7.8200-7.8300	1.50-1.70c dis	−2.45	4.30-4.50dis	−2.25
Japan	233.40-234.30	233.95-234.05	0.87-0.82y pm	3.31	1.97-1.92 pm	3.32
Austria	18.47-18.51 1/4	18.50 1/4-18.51 1/4	6.10-5.60gro pm	3.76	16-14 pm	3.24
Switz.	2.1350-2.1440	2.1405-2.1415	1.08-1.03c pm	5.91	2.93-2.88 pm	5.43

† UK and Ireland are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency. Belgian rate is for convertible francs. Financial franc54.13-54.18.

EXCHANGE CROSS RATES

Oct. 31	Pound St'rling	U.S. Dollar	Deutschem'k	JapaneseYen	FrenchFranc	Swiss Franc	Dutch Guild	Italian Lira	Canada Dollar	Belgian Franc
Pound Sterling	1.	1.496	3.935	350.0	11.98	3.203	4.410	2390.	1.843	79.95
U.S. Dollar	0.669	1.	2.631	234.0	8.007	2.141	2.949	1598.	1.232	53.46
Deutschemark	0.254	0.380	1.	88.95	3.043	0.814	1.121	607.4	0.468	20.32
Japanese Yen 1,000	2.857	4.273	11.24	1000.	34.21	9.150	12.60	6829.	5.266	228.4
French Franc 10	0.835	1.249	3.286	292.2	10.	2.674	3.683	1996.	1.539	66.76
Swiss Franc	0.312	0.467	1.229	109.3	3.739	1.	1.377	746.3	0.575	24.96
Dutch Guilder	0.227	0.339	0.892	79.37	2.716	0.726	1.	542.0	0.418	18.13
Italian Lira 1,000	0.418	0.626	1.646	146.4	5.010	1.340	1.845	1000.	0.771	33.45
Canadian Dollar	0.543	0.811	2.135	189.9	6.498	1.738	2.393	1297.	1.	43.38
Belgian Franc 100	1.251	1.871	4.922	437.5	14.98	4.006	5.516	2989.	2.305	100.

FINANCIAL FUTURES

Eurodollars stable

Euro-dollar prices showed very little change from Friday's levels in the London International Financial Futures Exchange yesterday. The market appeared to lack any clear direction despite a better than expected fall in U.S. M1 money supply on Friday. There was little incentive from cash markets with the Federal authorities displaying little indication of a change in monetary policy. There was *also little incentive* to trade ahead of today's refunding package and its possible postponement in view of the Senate's delay in raising the debt ceiling.

The December Euro-dollar price opened at 90.35, unchanged from Friday's close and traded between a high of 90.37 and a low of 90.31 before finishing unchanged at 90.35.

Gilt prices were firmer, helped *by a stronger* tone to cash markets. Sentiment was improved by further forecast of an improvement in economic outlook and hopes of a steady inflation rate. There was also speculation of lower mortgage rates this year. Talk of half point cut in clearing bank base rates *may* have been viewed overall as a shade premature but served to underline market sentiment that in the light of current information the next move in interest rates was likely to be down.

The December price opened at 107-19 up from 107-16 and *touched a high of 108-06 before* finishing at 108-04.

Short sterling prices finished at their best levels of the year, helped by *slightly* lower cash rates. The December price opened at 90.78 down from 90.79 but improved during the day to close at a best level of 90.82.

LONDON

THREE-MONTH EURODOLLAR $1m points of 100%

	Close	High	Low	Prev
Dec	90.35	90.37	90.31	90.35
March	89.96	89.96	89.93	89.96
June	89.65	89.66	89.63	89.68
Sept	89.37	89.40	89.39	89.41
Dec	89.13	—	—	89.15

Volume 1,418 (1,295)
Previous day's open int. 7,835 (7,714)

THREE-MONTH STERLING DEPOSIT £250,000 points of 100%

	Close	High	Low	Prev
Dec	90.82	90.82	90.78	90.79
March	90.55	90.55	90.51	90.50
June	90.23	90.23	90.21	90.20
Sept	89.89	—	—	89.26
Dec	89.53	—	—	89.50

Volume 1,073 (678)
Previous day's open int. 5,195 (5,132)

20-YEAR 12% NATIONAL GILT £50,000 32nds of 100%

	Close	High	Low	Prev
Dec	108-04	108-06	107-17	107-16
March	107-22	107-15	107-12	107-01
June	107-10	—	—	106-20
Sept	106-30	—	—	106-08
Dec	106-18	—	—	105-28

Volume 2,831 (1,388)
Previous day's open int. 2,329 (2,205)
Basis quote (clean cash price of 13 1/4% Treasury 2003 less equivalent price of near futures contract) 04 to 12 (32nds).

STERLING £25,000 $ per £

	Close	High	Low	Prev
Dec	1.4951	1.4960	1.4940	1.4950
March	1.4968	—	—	1.4966
June	1.4988	—	—	1.4988

Volume 17 (169)
Previous day's open int. 1,478 (1,452)

DEUTSCHE MARKS DM 125,000 $ per DM

	Close	High	Low	Prev
Dec	0.3823	0.3829	0.3817	0.3835
March	0.3858	—	—	0.3870
June	0.3891	—	—	0.3903

Volume 81 (7)
Previous day's open int. 394 (395)

SWISS FRANCS SwFr 125,000 $ per SwFr

	Close	High	Low	Prev
Dec	0.4707	0.4716	0.4705	0.4729
March	0.4763	—	—	0.4785
June	0.4828	—	—	0.4850

Volume 47 (10)
Previous day's open int. 106 (108)

JAPANESE YEN Y12.5m $ per Y100

	Close	High	Low	Prev
Dec	0.4293	0.4293	0.4293	0.4316
March	0.4328	0.4329	0.4329	0.4352
June	0.4363	—	—	0.4387

Volume 4 (5)
Previous day's open int. 155 (158)

CHICAGO

U.S. TREASURY BONDS (CBT) 8% $1000,000 32nds of 100%

	Latest	High	Low	Prev
Dec	71-01	71-05	70-25	70-30
March	70-15	70-18	70-06	70-12
June	69-31	70-02	69-24	69-28
Sept	69-17	69-19	69-14	69-14
Dec	69-06	69-07	69-03	69-02
March	68-28	68-29	68-24	68-24
June	68-19	68-20	68-16	68-15
Sept	68-12	68-13	68-10	68-08
Dec	—	—	—	—
March	—	—	—	—

U.S. TREASURY BILLS (IMM) $1m points of 100%

	Latest	High	Low	Prev
Dec	91.20	91.22	91.12	91.12
March	90.75	90.76	90.70	90.69
June	—	90.45	90.14	90.40
Sept	—	90.18	90.16	90.15
Dec	—	89.97	89.94	89.91
March	—	89.73	89.71	89.70
June	89.50	—	89.50	89.51
Sept	89.32	—	89.32	89.34

CERT. DEPOSIT (IMM) $1m points of 100%

	Latest	High	Low	Prev
Dec	90.51	90.53	90.46	90.44
March	90.01	90.03	89.99	89.97
June	89.66	89.67	89.65	89.63
Sept	—	89.38	89.37	89.38
Dec	—	—	—	—
March	—	—	—	—
Sept	76.90	—	—	77.80

STERLING (IMM) $s per £

	Latest	High	Low	Prev
Dec	—	1.4970	1.4935	1.4970
March	1.4985	1.4985	1.4950	1.4990
June	1.4980	1.4980	1.4970	1.5010
Sept	—	1.5010	1.4990	1.5030
Dec	—	—	—	—
March	—	—	—	—

GNMA (CBT) 8% $100,000 32nds of 100%

	Latest	High	Low	Prev
Dec	68-22	70-19	68-18	68-18
March	67-24	67-28	67-19	67-21
June	67-00	67-00	66-28	66-25
Sept	66-10	66-10	66-03	66-04
Dec	65-24	65-24	65-20	65-18
March	—	—	—	—
June	—	—	—	64-22
Sept	64-16	64-16	64-16	64-11
Dec	—	—	—	—
March	—	—	—	—
June	—	—	—	—
Sept	—	—	—	—

BASE LENDING RATES

A.B.N. Bank	9 %	■ Hambros Bank	9 %
Allied Irish Bank	9 %	Heritable & Gen. Trust	9 %
Amro Bank	9 %	■ Hill Samuel §	9 %
Henry Ansbacher	9 %	C. Hoare & Co. †	9 %
Arbuthnot Latham	9 %	Hongkong & Shanghai	9 %
Armco Trust Ltd.	9 %	Kingsnorth Trust Ltd.	10 %
Associates Cap. Corp.	9 1/2 %	Knowsley & Co. Ltd.	9 1/2 %
Banco de Bilbao	9 %	Lloyds Bank	9 %
Bank Hapoalim BM	9 %	Mallinhall Limited	9 %
BCCI	9 %	Edward Manson & Co.	10 %
Bank of Ireland	9 %	*Meghraj and Sons Ltd.*	9 %
Bank Leumi (UK) plc	9 %	Midland Bank	9 %
Bank of Cyprus	9 %	■ Morgan Grenfell	9 %
Bank of Scotland Ω	9 %	National Bk. of Kuwait	9 %
Banque Belge Ltd.	9 %	National Girobank	9 %
Banque du Rhone	10 %	*National Westminster*	9 %
Barclays Bank	9 %	Norwich Gen. Tst.	9 %
Beneficial Trust Ltd.	10 %	R. Raphael & Sons	9 %
Bremar Holdings Ltd.	9 %	P. S. Refson & Co.	9 %
Brit. Bank of Mid. East	9 %	Roxburghe Guarantee	9 1/2 %
■ Brown Shipley	9 1/2 %	Royal Trust Co. Canada	9 %
CL Bank Nederland	9 %	Standard Chartered ‖	9 %
Canada Perm't Trust	10 %	Trade Dev. Bank	9 %
Castle Court Trust Ltd.	9 1/2 %	TCB	9 %
Cayzer Ltd.	9 %	Trustee Savings Bank	9 %
Cedar Holdings	9 %	United Bank of Kuwait	9 %
■ Charterhouse Japhet	9 %	United Mizrahi Bank	9 %
Choulartons	10 1/2 %	Volkskas Intnl. Ltd.	9 %
Citibank Savings ¶	10 1/2 %	Westpac Banking Corp.	9 %
Clydesdale Bank	9 %	Whiteaway Laidlaw	9 1/2 %
C. E. Coates	9 1/2 %	Williams & Glyn's	9 %
Comm. Bk. of N. East	9 %	Wintrust Secs. Ltd.	9 %
Consolidated Credits	9 %	Yorkshire Bank	9 %
Co-operative Bank *	9 %		
The Cyprus Popular Bk.	9 %		
Dunbar & Co. Ltd.	9 %		
Duncan Lawrie	9 %		
E. T. Trust	9 1/2 %		
Exeter Trust Ltd.	10 %		
First Nat. Fin. Corp.	11 %		
First Nat. Secs. Ltd.	10 1/2 %		
Robert Fraser	10 %		
Grindlays Bank ‡	9 %		
■ Guinness Mahon	9 %		

■ Members of the Accepting Houses Committee.
* 7-day deposits 5.5%, 1-month 5.75%. Short-term £8,000/12 months. 8.1%.
† 7-day deposits on sums of: under £10,000 5 1/2%. £10,000 up to £50,000 6 1/2%, £50,000 and over 7 1/2%.
‡ Call deposits £1,000 and over 5 1/2%.
‖ 21-day deposits over £1,000 6 1/2%.
§ Demand deposits 5 1/2%.
¶ Mortgage base rate.
Ω Money Market Cheque Account = 8.90%. Effective annual rate — 9.27%.

MONEY MARKETS

London rates steady

UK clearing bank base lending rate 9 per cent (since October 4 and 5)

Interest rates were little changed on the London money market yesterday, with three-month sterling interbank remaining at 9 5/16 per cent—9 3/8 per cent.

A flat day was forecast by the Bank *of* England, but later revised to a shortage of £50m. Bills maturing in official hands; repayment of late assistance; and a take-up of Treasury bills from *Friday's bill tender drained* £453m, but this was roughly balanced by Exchequer transactions adding £229m to liquidity, and a fall in the note circulation after the weekend of £259m.

Total help provided during the day was £106m. Before lunch the authorities bought £49m bills by way of £7m bank bills in band 2 (15-33 days) at 9 per cent; £6m bank bills in band 3 (34-63 days) at 8 13/16 per cent; and £36m bank bills in band 4 (64-91 days) at 8 3/4 per cent.

In the afternoon the Bank of England purchased another £37m bill through £1m bank bills in band 3 at 8 13/16 per cent; and £36m bank bills in band 4 at 8 3/4 per cent.

The assistance was completed when the Bank of England gave late help of £20m.

In Frankfurt call money rose to 5.55 per cent from 5.50 per cent as the result of a tight finish to the month despite the *new securities repurchase agreement* supplied by the authorities. A total of DM 7.5bn was allocated yesterday, to replace the $7.1bn draining from an earlier expiring pact, but the market was also faced with about DM 3bn *to DM 4bn in currency swaps* maturing last week, and was faced with fairly short conditions. Banks have been drawing on the Lombard facility, borrowing DM 4.5bn over the weekend, compared with DM 3.6bn last Thursday.

LONDON MONEY RATES

Oct. 31 1983	Sterling Certificate of deposit	Interbank	Local Authority deposits	Local Auth. negotiable bonds	Finance House Deposits	Company Deposits	Discount Market Deposits	Treasury Bills ◆	Eligible Bank Bills ◆	Fine Trade Bills ◆
Overnight	—	8 7/8-9 1/2	9-9 1/8	—	—	9-9 1/4	8 1/2-9	—	—	—
2 days notice	—	—	9-9 1/8	—	—	—	—	—	—	—
7 days or	—	—	—	—	—	9 3/8-9 1/2	—	—	—	—
7 days notice	—	9 1/16-9 1/4	9 1/8	—	—	—	9	—	—	—
One month	9 1/4-9 1/8	9 5/16 9 1/4	9 1/4	9 3/4-9 1/2	9 1/4	9 1/2	9	9 1/32	9 1/32	9 3/4
Two months	9 1/4 9 1/8	9 1/4-9 1/8	9 1/4	9 3/4-9 1/2	9 1/4	9 5/8	9	8 15/16-8 31/32	8 31/32	9 1/2
Three months	9 1/4 9 1/8	9 5/16-9 3/8	9 1/4	9 5/8 9 3/8	9 3/8	9 5/8	9	8 7/8	8 31/32	9 1/2
Six months	9 1/4 9 1/2	9 3/8-9 1/2	9 3/8	9 1/2-9 1/4	9 1/2	—	—	—	8 31/32-8 7/8	9 1/2
Nine months	9 7/16 9 3/4	9 5/8-9 3/4	9 5/8	10-9 3/4	9 5/8	—	—	—	—	—
One year	9 1/2 9 3/4	9 3/4 9 7/8	9 3/4	9 7/8-9 5/8	9 3/4	—	—	—	—	—
Two years	—	—	10 1/2	—	—	—	—	—	—	—

ECGD Fixed Rate Export Scheme IV. Average Rate forinterest period September 7 to October 4 1983 (inclusive) 9.719 per cent.

Local authorities and finance houses seven days' notice, others seven days fixed. Long-term local authority mortgage rates nominally three years 10 3/4 per cent: four years 11 per cent: five years 11 per cent. ◆ Bank bill rates in table are buying rates for prime paper. Buying rates for four months' bank bills 8 25/32-8 13/16 per cent; four months' trade bills 9 5/16 per cent.

Approximate selling for one-month Treasury bills 9 per cent: two months 8 7/8-8 15/16 per cent: three months 8 13/16 per cent. Approximate selling rate for one-month bank bills 9 per cent: two months 8 15/16 per cent and three months 8 7/8 per cent: trade bills one month 9 17/32 per cent: two months 9 15/32 per cent and three months 9 5/16 per cent.

Finance House Base Rate (published by the Finance Houses Association): 10 per cent from October 1 1983. London and Scottish Clearing Bank Rates for lending: 9 per cent. London Deposit Rates for sums at seven days' notice: 5 1/2 per cent.

Treasury Bills: Average tender rates of discount 8.8307 per cent. Certificates of Tax Deposit (Series 6). Deposits of £100,000 and over held under one month 9 1/2 per cent: one-three months 9 3/4 per cent: three-six months 9 3/4 per cent: six-12 months 10 per cent. Under £100,000 9 3/4 per cent from October 6. Deposits held under Series 4-5 10 per cent. The rate for all deposits withdrawn for cash 8 per cent.

INTEREST RATES

EURO-CURRENCY INTEREST RATES (Market closing rates)

Oct. 31	Short term	7 days notice	Month	Three Months	Six Months	One Year
Sterling	9 1/8-9 3/8	9 1/4-9 1/2	9 1/8-9 1/4	9 1/4-9 3/8	9 3/8-9 1/2	9 11/16-9 13/16
U.S. Dollar	9 1/4 9 1/2	9 1/4 9 1/2	9 3/8-9 5/8	9 5/8-9 13/16	9 5/8-9 7/8	9 15/16-10 1/16
Can. Dollar	8 1/2-9	8 1/2-9	8 5/8-9 1/8	9 1/8-9 3/8	9 7/16-9 9/16	9 5/8-9 7/8
D. Guilder	5 3/4 5 7/8	5 3/4-5 7/8	5 13/16-5 15/16	6 1/16-6 3/16	6 3/16-6 5/16	6 1/2-6 5/8
S. Franc	1-1 1/4	1 7/8-2 1/8	3 7/16-3 9/16	4 1/8-4 1/4	4 3/16-4 5/16	4 1/4-4 3/8
Deutschm'rk	5 1/2-5 5/8	5 1/2-5 5/8	5 1/2-5 5/8	5 13/16-5 15/16	5 15/16-6 1/16	6 1/8-6 1/4
Fr'nch Franc	11 7/8 12 1/8	11 7/8 12 1/8	11 7/8-12 1/8	12 1/4-12 1/2	13 3/4-14	14 5/8-14 7/8
Italian Lira	15 1/4-16 1/4	15 1/2-16 1/2	16 1/4-16 3/4	16 7/8-17 3/8	17 5/8-18 1/8	18 1/8-18 3/4
Belg. Franc						
Conv.	8-8 1/2	8 1/2-9	8 1/2-9	9 1/4 9 3/4	9 1/2-10	10-10 1/2
Fin.	8 8 1/2	8 1/2-8 3/4	8 3/4-9	9 3/8-9 5/8	9 3/4-10	10-10 1/4
Yen	6 1/4 6 1/2	6 1/8 6 1/4	6 1/8-6 1/4	6 7/16-6 9/16	6 7/16-6 9/16	6 1/2-6 5/8
D. Krone	11-11 1/2	8 1/2 9	10 1/2-11	11-11 1/2	11-11 1/2	10 1/2-11
Asia $ (Sing.)	9 3/8 9 1/2	9 1/4 9 1/2	9 1/2 9 3/4	9 5/8-9 13/16	9 11/16-9 13/16	9 15/16-10 1/16

FT LONDON INTERBANK FIXING
(11.00 a.m. OCTOBER 31)

3 month U.S. dollars		6 month U.S. dollars	
bid 9 5/8	offer 9 3/4	bid 9 11/16	offer 9 13/16

The fixing rates are the arithmetic means, rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11 am each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

MONEY RATES

NEW YORK

Prime rate	11
Fed funds (lunch-time)	9 5/16
Treasury bills (13-week)	8.46
Treasury bills (26-week)	8.71

GERMANY

Lombard	5.5
Overnight rate	5.55
One month	5.65
Three months	6.15
Six months	6.20

FRANCE

Intervention rate	12.25
Overnight rate	12.0
One month	12.1875
Three months	12.25
Six months	12.4375

JAPAN

Discount rate	5
Call (unconditional)	6.15625
Bill discount (3-month)	6.34375

SWITZERLAND

Discount rate	4
Overnight rate	1 1/2-2 1/2
One month	3 1/4-3 3/4
Three months	4 1/2-4 3/4

NETHERLANDS

Discount rate	5
Overnight rate	5 1/2-5 3/4
One month	5 13/16-5 15/16
Three months	5 7/8-6 1/16
Six months	6 1/8-6 3/8

$ CERTIFICATES OF DEPOSIT

One month	9.25-9.35
Three months	9.35-9.45
Six months	9.55-9.65
One year	9.70-9.90

LONG TERM EURO $

Two years	10 7/8-11 1/8
Three years	11 1/4-11 1/2
Four years	11 5/8-11 7/8
Five years	11 7/8-12 1/8

SDR LINKED DEPOSITS

One month	8 7/16-8 11/16
Three months	8 3/4-9
Six months	8 15/16-9 3/16
One year	9 1/16-9 5/16

ECU LINKED DEPOSITS

One month	8 7/16-8 11/16
Three months	8 13/16-9 1/16
Six months	8 3/4-8 7/8
One year	9 1/16-9 11/16

INTERNATIONAL CAPITAL MARKETS

World Bank to tap 'bulldog' bond market for £100m

BY MARY ANN SIEGHART IN LONDON

THE WORLD BANK is tapping the long end of the "bulldog" market for the first time with a 20-year £100m bond led by Baring Brothers. A bulldog bond is a bond issued on the UK domestic market by a foreign borrower.

The interest on the bond will be 100 basis points over the UK government stock due in 2004/2008. This is the smallest margin over this gilt ever paid in the bulldog market and compares with the 110 basis points that Australia paid over the same stock in its £100m issues two weeks ago. That bond was heavily oversubscribed.

Final terms will be fixed tomorrow, but on yesterday's prices it would have yielded 11.56 per cent. It is a partly-paid issue, with 30 per cent due now and the balance next April. Despite its tight terms, it was well-received by the market, and sub-underwriting arrangements were finalised by the afternoon.

The World Bank is also about to issue an Ecu bond, probably this evening. It will be for a total of Ecu 150m in two tranches. The first, for five years, is likely to carry a 10⅝ per cent coupon and the second, for 10 years, 11 per cent. Kredietbank will lead the deal.

In the Eurodollar bond market, Deutsche Bank brought a deal for Asian Development Bank yesterday, a frequent borrower in the D-Mark market, but less well-known to dollar investors. The 10-year, $100m bond carries an 11¾ per cent coupon at 99, giving a yield to maturity of 11.93 per cent, and is co-led by Credit Suisse First Boston and SBC International.

Though market participants seemed to think the deal was priced fairly, given the quality of the borrower, it traded outside its selling concession at a discount of about 1⅞ points. However, dealers pointed out that the Far Eastern markets were closed at the time of issue, so the price might pick up today.

The development Bank of Singapore's $70m convertible was given a coupon of 5½ per cent at par, as indicated, by Daiwa Securities. The conversion price was set at S$9.25 per share.

Despite Friday's good U.S. money supply figures, the dollar secondary market was quiet yesterday, with prices closing unchanged. Dealers reported nervousness about the impending U.S. Treasury auctions; it was not clear yesterday whether the Senate would approve a rise in the U.S. Government's debt ceiling in time for tonight's Treasury auctions.

In Switzerland, the European Investment Bank is raising SwFr 80m through a six-year private placement paying 5¾ per cent at par. SBC is leading the deal.

Swiss franc secondary market prices fell by about ¼ point yesterday, with the recent dual currency bonds showing even greater falls.

Prices in the German secondary market closed unchanged

Greek utility to raise $290m loan package

BY PETER MONTAGNON, IN LONDON

GREECE'S Public Power Corporation is to raise a $290m loan package in the Euromarkets through a group of banks led by County Bank and Orion Royal.

Terms of the package, which were finally agreed yesterday, allow the borrower to raise money in four separate currencies. This will permit a longer overall maturity than on a conventional Eurocredit and obviate the need for setting a loan interest margin over the expensive U.S. prime rate.

Nearly half the package, or $140m, is to take the form of a seven year U.S. dollar Eurocredit for which Bank of Tokyo will be the agent. The interest margin has been set a ⅝ per cent for the first four years rising to ¾ per cent thereafter. Repayments start after a grace period of 4½ years and the maturity is extendable to 10 years at the lenders' option.

County Bank will be agent for a £45m sterling tranche which has been underwritten by lead managers for nine years, although participants may put up money for only six. The margins will be ⅝ per cent over interbank rates for five years rising to ¾ per cent thereafter.

The other components of the package include a Y10bn loan to be arranged by Dai-Ichi Kangyo and Sumitomo Trust and an Ecu 50m credit for which Banque Indosuez will be agent. This a margin of ⅝ per cent for four years rising to ¾ per cent for the remaining three.

A feature of the 15-bank lead management group is the total absence of any U.S. institutions. They have apparently been deterred by the lack of a prime rate margin. The group contains no fewer than eight Japanese banks.

Half of the $140m credit is to be subscribed by Japanese banks, an unusually high share which has been permitted by the Ministry of Finance in Tokyo because a Japanese bank is agent for the credit.

● The Bank of China has subscribed to a £35m medium-term loan raised by Samuel Montagu (Holdings) to finance fixed assets. Terms of the loan are not being disclosed but the agent is Bank of Montreal.

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. For further details of these or other bonds see the complete list of Eurobond prices which is published monthly. The following are closing prices for October 31.

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Amax O/S Fin 10¼ 90	100	94⅜	94⅞	0	0	11.44
Bank of Tokyo 11 90	100	95⅛	96⅛	0	+0⅛	11.92
British Col Hyd 10⅜ 88	200	97⅝	98⅛	+0⅛	+0½	10.85
Britoil Fin 11⅝ 90	125	100⅛	100⅝	−0⅛	−0⅛	11.76
C.C.C.E. 11¾ 97	100	94	94½	−0⅛	−0⅜	12.63
C.C.C.E. 12⅝ 95	75	99⅜	99⅞	0	+0⅛	12.87
Can Imp Bk Com 11 90	75	92⅞	93½	0	−0⅛	12.57
Chicorp O/S 10⅝ 90	100	93⅛	93⅝	0	+0⅛	11.86
Citicorp O/S 11¾ 90	100	97⅝	98⅛	0	0	12.18
Coca Cola Int 9⅞ 92	100	91⅞	92⅜	0	+0⅛	11.32
Cred Suisse BAH 10½ 90	150†	98½	99	+0¼	+0¼	10.75
Den Norsk Cred 11¼ 93	50	93¼	93⅞	0	−0¼	12.40
Du Pont 11⅛ 95	150	98⅝	99⅜	+0¼	+0¼	11.29
E.C.S.C. 11⅞ 90	75	99⅝	100⅛	0	+0¼	11.85
E.D.C. 11¾ 87	100	100⅞	101⅜	+0⅛	+0¼	11.38
E.D.F. 11⅛ 93	100	93¼	93¾	+0⅛	+0⅜	12.29
E.E.C. 11 87	350	98⅝	99⅛	−0⅛	0	11.35
E.I.B. 10¾ 93	200	92⅝	93⅛	−0¼	0	12.02
E.I.B. 11 91	125	95½	96	−0⅛	+0⅛	11.87
E.I.B. 11⅞ 93	150	98⅛	98⅝	0	+0⅜	12.16
Electrolux 10½ 90	50	91¾	92¼	+0⅛	−0⅛	12.31
Ensearch Fin 11⅝ 93	100	96⅛	96⅝	0	0	12.24
Fuji Int Fin 10⅞ 90	100†	93¾	94¼	−0¼	0	12.22
Gen Elec Credit 9⅝ 91	100	91⅞	92⅜	−0⅛	−0⅛	11.34
GMAC O/S Fin 10½ 90	200	97¼	97¾	0	+0⅜	11.05
GMAC O/S Fin 11⅞ 90	100	98¾	99¼	+0⅛	+0¼	11.58
Honeywell Int 10⅝ 90	100	97⅞	98⅜	+0¼	+0⅜	11.14
Indust Bk Japan 10⅞ 88	100	97½	98	+0⅛	+0⅜	11.50
Japan Air Lines 10⅞ 88	42	92⅞	93⅜	+0¼	+0⅝	11.87
Japan Air Lines 11 93	75	95⅝	96⅛	+0⅛	+0½	11.71
J.C. Penny 11⅞ 90	100	100	100½	+0⅜	+0⅝	11.81
J. P. Morgan 11¾ 90 WW	150	97⅞	98⅜	−0¼	−0⅜	11.77
Levi Strauss Int 11 90	75	97	97½	−0⅛	+0⅛	11.58
L.T.C.B. 10⅝ 98	100	94	94½	+0¼	+0½	12.03
L.T.C.B. 12½ 90	85	102⅝	103⅛	−0⅛	+0¼	11.88
Merrill Lynch 10⅝ 90	200	94¾	95¼	+0⅛	−0⅛	11.73
Mitsubishi Corp 10½ 90	100	94⅛	94⅝	−0⅜	−0⅛	11.75
Mitsubishi Fin 11⅞ 90	100	96½	97	+0⅛	+0½	12.08
Nippon Credit 11 90	100	94⅞	95⅜	0	+0¼	12.09
O.K.B. 10 91	100	90½	91	−0¼	−0⅛	11.91
Ontario Hydro 10¼ 90	250	94⅛	94⅝	+0⅛	0	11.46
Ontario Hydro 11¾ 90	200	100½	101	−0⅛	+0¼	11.58
Pacific Gas & Elec 12 91	75	102	102½	+0⅜	+0½	11.55
Prudential O/S 10⅝ 93	100	96⅛	96⅝	+0⅛	+0⅜	11.20
Prudential O/S 12¾ 87	150	104⅝	105⅛	+0¼	+0⅝	11.15
Saskatchewan Pr 10⅝ 90	125	97¼	97¾	+0⅛	+1	11.29
Sears O/S Fin 11⅝ 93	150	98½	99	+0¼	+0¼	11.84
S.N.C.F. 11½ 93	100	97⅛	97⅝	+0⅛	+0⅝	11.83
Sth Cal Edison 10½ 90	75	97	97½	0	+0⅜	11.08
Sumitomo Fin 10⅞ 90	100	94½	95	0	+0⅛	12.04
Texaco Capital 9¾ 90	150	93	93½	0	0	11.27
U.B.S. 10 88	100	98½	99	−0⅛	0	10.33
U.B.S. 11 89	150	101	101½	−0½	−0¼	10.70
World Bank 10⅞ 88	150	97	97½	+0⅛	+0¼	11.15
World Bank 11¼ 88	100	99⅜	99⅞	+0⅛	−0⅛	11.33
World Bank 11½ 90	150	98⅝	99⅛	+0⅛	+0⅛	11.72
World Bank 12 93	200	100⅛	100⅝	0	+0⅛	11.82

Av. price changes: on day 0, on week +⅛

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Air Canada 7⅛ 93	100	100½	101⅛	+0⅛	−0⅛	7.24
A.N.A.S. 8¼ 88	100	99½	100	0	+0½	8.30
Arab Banking Corp 8 88	100	97¼	97¾	0	+0⅛	8.64
Austria, Rep 7⅝ 88	100	99⅝	100⅛	0	+0⅛	7.64
Austria, Rep 8 93	100	101⅛	101⅝	+0⅛	+0¼	7.76
Avon Int Fin 7½ 93	100	100⅝	101⅛	0	+0⅜	7.36
Beatrice Foods 7¾ 93	130	103¾	104½	+0⅛	+0½	7.15
B.F.C.E. 8¼ 90	150	100⅞	101⅜	−0⅛	−0¼	7.99
Comp Tel Nac Esp 8¼ 93	100	96⅝	97⅜	−0¼	−0½	8.71
Dresdner Finance 4 90 WW	250	108⅞	109⅝	+0¾	+1¼	2.51
Dresdner Finance 4 90 XW	250	83½	84¼	−0⅛	−0⅛	7.12
E.C.S.C. 8 90	160	101⅛	101⅝	0	−0⅛	7.72
E.E.C. 8¼ 93	250	101½	102	+0¼	0	7.97
E.I.B. 8 93	200	99⅝	100⅛	0	+0⅛	8.01
Eurofima 7½ 90	100	102⅛	102⅞	+0¾	+2	7.01
Finland Rep 7½ 88	150	99⅛	99⅞	0	+0¼	7.62
Int Standard Ele 7¾ 93	100	102	102½	+0⅛	+0⅜	7.41
Ireland 8⅝ 91	150	100⅝	101⅜	0	+0½	8.44
Japan Dev Bank 7½ 90	100	101	101½	+0¼	+0⅛	7.25
Kobe City 7 93	120	97¼	97¾	+0⅛	+0⅜	7.36
L.T.C.B. 8 90	100	102¼	102¾	0	−0⅛	7.50
Renault Acceptance 8 90	150	98½	98⅞	+0⅛	0	8.31
S.D.R. France 7⅞ 93	100	97⅛	97¾	0	+0⅛	8.25
Sth African Tran 8¼ 90	100	99⅛	99⅝	−0¼	+0¼	8.36
World Bank 7½ 90	250	98	98½	0	+0⅛	7.84
World Bank 7⅞ 88	300	100⅛	100⅝	0	+0½	7.76

Av. price changes: on day 0, on week +¼

SWISS FRANC STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Bank of Tokyo 6 91	100	102⅛	102⅝	+0⅛	−0½	5.83
Bergen, City of 5¾ 95	40	99	99¼	+0½	0	5.85
Denmark 6⅝ 93	100	101¾	102	+0¼	−0½	6.06
E.D.C. 5⅝ 91	100	100⅝	100⅞	−0¼	+0⅜	5.29
E.D.C. 6 93	100	100⅝	101	0	+0½	5.88
Europarat 6⅛ 93	100	98	98¼	−0½	−0¾	6.38
Ex-Im Bk Japan 5⅝ 91	100	99½	99¾	+0⅜	−0¼	5.68
Ind Fund Finland 6¼ 91	40	100	100¼	−0¾	−1¼	6.22
Int-Am Dev Bk 6 93	100	97	97¼	−0¼	−1	6.40
Int-Am Dev Bk 6⅛ 93	100	98½	98¾	−0½	−2¼	6.31
Japan Dev Bank 5⅞ 93	100	101½	101¾	0	0	5.65
Kansai Ele Power 6 91	100	101½	101¾	0	−0¼	5.73
Kawasaki Steel 6⅛ 91	100	100½	100¾	0	−0½	6.00
Manitoba Prov 5½ 93	100	100⅛	100⅜	−0⅛	−0⅜	5.47
Montreal Urban 5¾ 93	100	101	101¼	+0⅛	0	5.58
Mount Isa Finance 6 93	100	101⅜	101⅝	−0⅜	−0½	5.79
NTG Bk Denmark 6¼ 91	80	95	95¼	0	−1	6.98
New Brunswick 5⅝ 93	100	101¼	101½	+0¼	+0¼	5.57
Nisshin Steel 6¼ 91	100	99¾	100	0	−0¼	6.26
Oster Draukraft 6 93	100	101⅞	102⅛	−0⅛	−0⅜	5.72
Oster Post 6⅛ 91	100	102¾	103	0	+0⅛	5.65
Sumitomo Heavy Ind 6 91	100	99⅞	100⅛	+0¼	+0⅛	6.00
Sumitomo Metal Ind 6 91	100	100¼	100½	+0⅛	−0⅛	5.93
Tokyo Elec Power 5⅞ 91	100	101¼	101½	+0¼	+0⅜	5.65
Trizec Corp 6⅛ 93	100	98⅝	98⅞	−0⅛	−2⅜	6.33
World Bank 5⅝ 93	100	98½	98¾	+0½	−0½	5.81

Av. price changes: on day 0, on week −⅛

YEN STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Australia 8⅝ 92	15	105	105⅜	+0⅜	+0⅛	7.77
E.I.B. 8⅛ 92	15	102⅞	103⅜	+0¼	−0¼	7.71
Japan Airlines 7⅞ 87	9†	101½	102½	−0¼	−0¼	7.15
New Zealand 7⅝ 88	15	102⅛	102⅝	0	−0⅛	7.11
World Bank 8⅞ 92	20	103¾	104½	+0⅛	+0⅛	7.68

Av. price changes: on day +⅛, on week +⅛

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Farm Credit 12¼ 90 C$	75†	99½	100	+0⅜	+0½	12.29
Norcen 12¾ 93 C$	60†	96⅝	97⅛	0	+0¼	13.31
TD MTG Corp 12½ 88 C$	40†	100⅝	100⅞	0	+0⅛	12.30
Quebec Hydro 12¾ 93 C$	50†	100¼	100¾	0	0	12.65
Royal Trustco 12⅝ 88 C$	50†	100½	101	+0⅜	+1	12.41
World Bank 12¼ 90 C$	75†	100½	101	+0⅜	+0¾	12.00
Xerox Canada 12 88 C$	40†	102½	103	+0½	+0½	11.21
E.E.C. 11¼ 93 ECU	70	100⅛	100⅝	0	+0¼	11.15
Genfinance 11 90 ECU	60	99⅜	99⅞	0	−0⅛	11.26
Algemene Bank 8⅝ 88 Fl	150	100⅝	101⅛	+0⅜	0	8.50
Bank Mees & Hope 9 88 Fl	75	101⅜	101⅞	+0⅛	−0⅜	8.57
Elect Sup Brd 8⅝ 88 Fl	75	97⅜	97⅞	−0¼	−0½	9.34
P.H.P. 8⅝ 88 Fl	50	100⅛	100⅝	0	−0⅛	8.60
Swed Exp Cred 7¾ 88 FL	100	96	96½	0	−0⅛	8.79
World Bank 9 88 Fl	100	102¼	102¾	0	−0⅛	8.34
O.K.B. 14 86 FF	400	100¾	101¾	+0¼	+0⅜	13.24
Solvay & Cie 14¾ 86 FF	200	101⅜	102⅜	+0¼	+0¼	13.46
B.F.C.E. 11½ 88 £	50	98¾	99½	+0⅛	+0⅜	11.71
British Oxyg 11¾ 91 £	50	100¼	101	0	+0⅛	11.59
CEPME 11¼ 95 £	35†	99	100	0	+0⅜	11.31
CIBA-Geigy Int 6¾ 93 £	25	97¾	98⅜	+0¼	−0¼	7.05
E.E.C. 11⅞ 91 £	50	100⅝	101⅜	+0¼	+0⅜	11.64
E.E.C. 11⅞ 93 £	50	101	101¾	+0⅛	+0¾	11.63
Fin For Ind 10½ 90 £	20	94⅞	95½	0	+0⅜	11.57
Finland Rep 11⅞ 88 £	50	99¾	100½	0	+0½	11.82
Fin Mar Omni 12⅝ 92 £	30	103¼	104	+0¼	+1⅛	11.94
Gen Elec Co 12½ 89 £	50	103¼	104¼	+0½	+0⅜	11.48
L.I.I. 10¾ 93 £	25	95⅛	95⅞	+0⅜	+1½	11.53
Mort Bk Fin 11¾ 88 £	15	97	98	0	0	12.35
Norsk Hydro 12 90 £	30	101⅞	102⅝	+0¼	+0⅜	11.45
Sweden 11⅛ 93 £	50	97⅜	98⅛	+0⅛	+1⅛	11.63
Swed Exp Cred 11¼ 88 £	30	97¾	98½	0	+0¾	11.75
World Bank 11½ 88 £	100	98¼	99	+0⅛	+0⅜	11.49
Euratom 11 93 LuxFr	500	102	103	0	−0⅛	10.54
Europarat 10¾ 93 LuxFr	600	102⅜	103⅜	0	−0⅛	10.24

FLOATING RATE NOTES	Spread	Bid	Offer	C.date	C.cpn	C.yld
B.F.C.E. 5⅛ 88	0¼	99⅞	100	28/1	10.18	10.19
Caisse Nat Tele 5¼ 90	0¼	99⅝	99⅞	21/4	10	10.03
C.C.F. 5¼ 95	0¼	99½	99¾	7/4	9.94	9.97
C.C.F. 5¼ 88	0¼	99⅞	100⅛	24/3	10.19	10.19
Cepme 5⅛ 88 WW	0⅛	99⅞	100⅛	3/12	10.56	10.56
Cepme 5¼ 92	0¼	99⅞	100⅛	19/12	10½	10.50
Chemical NY 5¼ 94 ††	0¼	100½	100¾	23/12	10	9.94
C.N.C.A. 5¼ 95 XW	0¼	99½	99¾	7/12	10	10.04
C.N.T. 5¼ 91	0¼	99⅝	99⅞	5/11	9⅜	9.39
Credit Agricole 5¼ 97	0¼	99⅝	99⅞	24/3	10.31	10.34
Credit Foncier 5¼ 93	0¼	99⅝	99⅞	6/4	10	10.03
Credit Lyonnais 5¼ 94	0¼	99⅝	99⅞	5/1	10.31	10.34
Credit Lyonnais 5¼ 97	0¼	99⅝	99⅞	1/4	10	10.03
Credit Nat 5¼ 94	0¼	99⅝	100	9/3	10¾	10.75
Denmark Nat 5⅛ 90	0¼	99½	99¾	13/4	10	10.04
Dresdner Fin 5¼ 93 WW	0¼	no information available				
Dresdner Fin 5¼ 93 XW	0¼	99⅝	100	19/4	9.94	9.95
E.D.F. 5¼ 95 XW	0¼	100	100¼	18/2	11⅜	11.35
E.E.C. 5 90	0⅛	100	100¼	5/1	10.19	10.17
Hispano 5¼ 95	0¼	98½	98¾	28/4	10	10.14
NZ Steel Dev 5⅛ 92	0¼	100	100½	22/12	10¼	10.22
Nippon Credit 5¼ 90	0⅛	100½	100¾	18/2	11¼	11.18
Soc Generale 5¼ 98 XW	0¼	98½	99¾	9/11	9⅛	9.15
Société Générale 5¼ 95	0¼	99⅝	100⅛	1/3	10.31	10.31
Sweden 5¼ 89	0¼	100⅛	100⅝	26/2	10.19	10.10
Sweden 5¼ 93	0¼	100⅝	100⅞	3/2	11.19	11.13

Av. price changes: on day 0, on week 0

CONVERTIBLE BONDS	Cnv. date	Cnv. price	Bid	Offer	Chg. day	Prem
Bridgestone Tire 5½ 98	3/82	470	121⅞	123⅜	−1⅛	−0.80
Canon 7 97	7/82	748.2	210⅝	212⅛	+0⅝	9.95
Daiwa Sec Co 5½ 98	10/83	508	97¼	98½	+0⅝	3.59
Hitachi Cable 5⅛ 96	2/82	515	108	109¼	−1¼	4.77
Honda Motor 5⅛ 98	6/83	884	117⅞	118⅝	−0⅛	0.99
Honda Motor 5½ 97	3/83	758.5	137½	139	−0½	0.88
Konishiroku Photo 4 98	10/83	673	97⅞	98⅞	–	1.34
Kyowa Hakko 6¼ 97	2/83	762	109⅝	111⅛	+0⅛	10.92
Minebea Co Ltd. 5½ 98	5/83	667	115⅛	116⅝	−2	−0.14
Mitsubishi Electric 5⅛ 98	6/83	396	112½	113⅛	+0⅛	3.67
Nippon Electric 5¼ 97	2/82	765.9	164⅞	165⅞	+0¾	1.52
Nippon Oil Co 5½ 98	4/83	964	120⅝	121⅝	+0⅝	3.53
Nissan Motor 5¾ 98	4/83	770	103½	104½	−0½	8.99
Olympus Optical 6⅛ 97	12/82	1331	101⅛	102⅝	−0⅛	21.35
Orient Finance 5¼ 97	3/82	927.2	99⅜	100⅜	+0½	10.51
Orient Leasing 5¼ 98	6/83	2680	96	98¼	+0⅛	7.78
Secom 5 98	11/83	2928	125⅞	127⅜	+4	3.99
Sumitomo Electric 5½ 97	3/82	577.3	121½	123	+4⅜	4.63
Yamaichi Sec Co 5 98	8/83	472	96⅞	98⅜	+0⅛	3.32
Yamanouchi Pharm'cal 4 90	10/83	1866	95	96	+0⅝	7.09
NEC Corp 3½ 93 SF	6/83	978	138½	140½	+1½	−0.85
Settsu Paper 3⅝ 93 SF	9/83	716	102½	104½	−0½	11.27
Asics 5 92 DM	12/83	520	105½	107½	−0⅛	12.83
Konishiroku 6⅜ 88 DM	8/82	616	119⅞	121⅛	−0⅜	8.52
Sum Realty 6⅜ 92 DM	2/83	365	122⅝	123⅝	+1⅜	−2.84

* No information available—previous day's price.

† Only one market maker supplied a price.

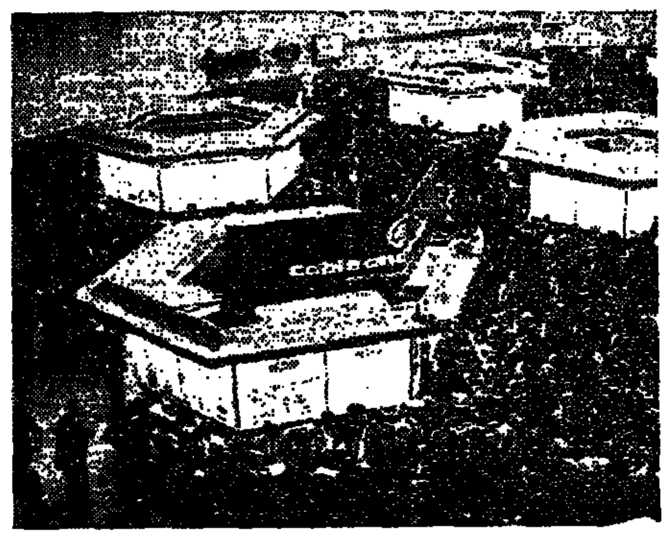
Straight Bonds: The yield to redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week = Change over price a week earlier.

Floating Rate Notes: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C. date = Date next coupon becomes effective. Spread = Margin above six-month offered rate (†† three month; § above mean rate) for U.S. dollars. C.cpn. = current coupon. Cu. yld = current yield.

Convertible bonds: Denominated in dollars unless otherwise indicated. Chg. day = Change on day. Cnv. date = First date for conversion into shares. Cnv. price = Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem = Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

FINANCIAL TIMES SURVEY

Corporate Finance



The throng on the Stock Exchange floor on the first day's dealings in the privatised Cable and Wireless.

CONTENTS

The buoyancy of the equities market has been the dominant feature of corporate finance this year. It has also proved a boon to the Government in its privatisation programme for state shareholdings

Spate of new issues. . .

BY BARRY RILEY

THIS HAS been the year when the equity new issue has finally made a strong comeback as a means of financing commerce and industry. Scores of new companies have been floated, either on the main London equity market or on its junior counterpart the Unlisted Securities Market, which is about to celebrate its third birthday with about 200 companies on its books.

One symptom is that the number of listings on the London Stock Exchange is swelling healthily again after a protracted period of shrinkage since the last new flotations boom ended roughly a decade ago.

The character of many of these newcomers clearly reflects the dramatic change in the nature of the economy that has been taking place. Traditional companies in the mature industries are scarcely to be seen. Instead there is a heavy representation of high technology—both in manufacturing and in services like software—together with financial operations and a sprinkling of leisure-orientated companies ranging from Miss World to Tottenham Hotspur.

They are being attracted to the stock market because investors are now willing to pay high prices for small companies in growth sectors—in sharp contrast to the 1970s when small companies were largely neglected and the increasingly powerful investment institutions concentrated their buying muscle on a dwindling number of large groups, which often spread out their tentacles to become conglomerate.

But the day of the dinosaur has passed. A few large predators remain, like BTR—currently digesting its biggest ever meal, of Thomas Tilling—or Hanson Trust—tossing scraps of UDS Group to the circling scavengers.

For the rest, however, even the very biggest—such as BP and ICI—have been forced to resort to severe cutbacks in some of their operations, while many more, including Dunlop, Turner and Newall and Rank Organisation, are only troubled shadows of their former selves.

This turnround in the relative valuations of big and small companies has transformed the financing mentality of many large groups. Spinning off subsidiaries that would attract a high stock market rating has become a relatively common phenomenon—with Reed International proposing to float Mirror Group Newspapers, for example, and Eagle Star preparing to hive off a high technology business owned by its industrial subsidiary Grovewood Securities.

Because big companies, by and large, cannot afford to pay for small ones, the bull market in equities has failed to generate the kind of feverish takeover activity characteristic of rising markets in the past.

But there are one or two big bids around, such as Allianz's offer for Eagle Star, and potentially a bid by Trafalgar House for P & O.

Big bids around

Takeover activity was quite high in 1982, when there were still a number of cheap victims to be had as a result of the recession. Early this year, too, Hanson and BTR seized their opportunities to pounce on poorly performing prey. But according to statistics compiled by the Department of Trade and Industry, takeovers by industrial and commercial companies were worth only half as much in the first six months of this year as in the corresponding period of 1982.

With trading conditions improving sharply in most sectors of the economy, few companies have been willing to chase up the prices of victims which have increasingly been able to forecast substantially higher profits and dividends. Companies like John Waddington and UBM have recently fought off bidders successfully.

However, a large number of companies have exploited the opportunity offered by a buoyant stock market to raise new money from shareholders and it has been a very busy year for rights issues.

Overall, 1983 is likely to be the best year for growth in UK company profits since 1979—and excluding oils, since 1976. According to figures compiled by stockbrokers Phillips and Drew, the picture has changed sharply since 1982, when total pre-tax profits actually fell by 2 per cent—a rise of a tenth in industrial profits being offset by sharp falls in the oil and financial sectors.

This year, however, industrial profits are rising at the rate of about 20 per cent in response to the improvement in the economy and oils and financials should both achieve a similar result this time. Next year may bring a slowdown but P and D are still projecting 15 per cent growth in industrial profits for 1984.

Not surprisingly, this has positive implications for dividends, which have actually been falling in inflation - adjusted terms since they soared in 1979 when dividend controls were relaxed. In 1983 as a whole dividend growth could be about 10 per cent, against inflation which should be little more than half that.

Companies can finance these higher dividends with relative comfort. Liquidity has been improving and the net borrowing requirement of the industrial and commercial company sector should drop back significantly *this year from the comparatively* high 1982 level of £8.2bn. In the first half of 1983 company net borrowing was only £0.9bn.

In a relatively buoyant picture for corporate finance in 1983, however, there has been one disappointment. Interest rates have not fallen as much as might have been expected from the decline in the pace of inflation.

Admittedly short-term interest rates have come down slowly during the year but real interest rates remain historically rather high. Perhaps more important, long-term rates on Government bonds have refused to budge much from a level of 11 per cent or so. The corresponding borrowing rate for companies would be 12 or 13 per cent—implying a real interest rate of 6 or 7 per cent on the basis of the immediate outlook for inflation.

In the circumstances the long-hoped-for revival of the UK corporate bond market has been only fitful and has failed to make a serious impact on the financing needs of the corporate sector as a whole.

In general, borrowers have been large companies with a spread of borrowings which *can absorb the risk of a* long-dated bond issue carrying a high coupon, like the 11¾ per cent recently paid on £75m of 26-year debenture stock by Allied-Lyons.

But if the cost of borrowing *remains a problem for the big* traditional companies, the strength of the equity market has spelt opportunity for a great many small entrepreneurial businesses.

The economic role of an *active* equity market has become clear, with the channelling of risk capital into new growth sectors. Most of the complaints of the late 1970s about the shortage of loan capital in Britain compared to the Continent or Japan have died down. In comparison to their counterparts in countries like Germany or France, small growth companies in the UK now appear to hold a distinct financing advantage.

EXTERNAL BORROWING

(By UK industrial and commercial companies in £m)

	Total	Import and other credit	Bank borrowing	Other loans and mortgages	Issues of ordinary shares
1978	5,492	527	2,939	527	829
1979	8,401	1,594	4,772	662	906
1980	10,620	− 52	6,795	695	902
1981	11,759	1,143	4,445	3,650	1,622
1982	10,651	477	2,549	5,590	946

Source: CSO Financial Statistics.

. . .as tide runs strongly in equities market

Equities

DOMINIC LAWSON

WHILE economists dispute the extent of the UK industrial recovery, about one thing there can be no *argument, the UK* equity market has been booming and has cast aside economic anxieties.

When, on the day that Leonid Brezhnev's death was announced, the FT Industrial Ordinary Index reached 600 it was the end of a 14-year struggle through the 500s. Yet it took only another seven months, to the end of May 1983, for the index to hit 700. By the third week in August it peaked at 740.4 and only recently has the spiral in share prices shown signs of flagging.

The constant setting of records in both share prices and volume of business has naturally enough opened the way for companies to rush to the stock market for funds. Some, such as GKN with an £80m rights issue in mid-April, have been able to patch up a balance sheet disfigured by years of recession.

More often, companies have raised money for acquisitive purposes. Still others seem to have called rights issues in order simply to put something away for the stock market equivalent of a rainy day, when conditions for cash raising are less opportune.

According to the Samuel *Montagu new issue statistics,* almost £3.9bn in new money has been raised by over 300 companies in primary issues during the first nine months of this year. This does not include the Government's £565.5m sale *of 130m shares in British Pet*roleum, a secondary issue. At the same stage last year only £2.8bn had been raised by less than 200 companies.

Ideal circumstances

As the success of the BP issue bears out, the buoyant conditions in the equity market have provided *ideal* circumstances for the Government to float such companies as Cable and Wireless, Amersham International and Associated British Ports.

Had the equity market been in a bear phase over the past three years, it is hard to see how the Government could satisfactorily have pursued its policy of privatising state-owned assets.

In the flotation of Cable and Wireless Amersham and ABP the Government encountered the new issue market's most voracious speculator, the stag. In the case of Associated British Ports in February, over £¾bn chased a £22m issue, and at the close of first day's dealings in ABP shares, short-term speculators were showing a 23 per cent capital appreciation—at the Government's expense.

But this was as nothing to the scramble for 8.8m shares offered later that month in the discount retailers Superdrug Stores. The £15.4m target attracted £1½bn in a ninety-five-fold oversubscription. The shares had been offered (by no means given away) at 175p each and hit £3 in first-day dealings.

Since then issuing houses have sought to avoid the stagging and other speculative excesses and the tender method of offering shares has become the fashion in the floating of

CONTINUED ON NEXT PAGE

Activity fades after brief but promising spell

Corporate bonds

JOHN MAKINSON

THE CORPORATE bond market had been dormant for a decade when it was revived by BOC, the industrial gases group, in September last year. Amid great fanfare BOC raised £100m of 12½ per cent bonds carrying a maturity of up to 35 years. The issue set the pattern for, if not a flood, at least a steady stream of corporate bonds.

The market's resuscitation had both a political and financial motivation. For its part the Government was anxious to see industrial companies raising term debt on the bond markets since this would enable them to repay bank borrowings and so dampen the growth in the money supply aggregates. In order to provide encouragement the authorities issued no conventional gilt-edged stock carrying very long maturities, so leaving the way clear for the corporate borrowers.

Sympathetic

The Bank of England also gave a very sympathetic hearing to any potential candidates, discussing in detail the mechanics of any issue and showing considerable flexibility about timing. It agreed to offer issuers a number of possible launch dates so as to help the market along.

Yet even the conspicuous enthusiasm of the authorities would not have tempted corporate finance directors to pursue the idea unless market conditions had been attractive. The gilt-edged market was extremely strong throughout the first ten months of last year, substantially reducing the yield on which a corporate borrower could raise long-term fixed-interest money.

During the 1970s virtually the only borrowers in the domestic bond market, aside from the Government, had been the clearing banks, which had a need for long-term subordinated debt in order to sustain their capital base. Other companies, however, were reluctant to raise fixed-rate money when interest rates seemed so many above their likely long-term average and when their volatility threatened to leave the finance director with egg on his face in double-quick time.

By the middle of last year the picture had begun to change. The Government's success in containing inflation held out some hope of a more stable pattern to both the cost of money and the level of prices. Moreover, the development in London of a "bulldog" bond market — in which foreign governments and government agencies raised money on the domestic debt market—showed that investing institutions had an appetite for long-term paper from issuers other than the UK Government. Finally, some finance directors were becoming anxious about replacing old fixed-rate debt which was approaching maturity.

BOC was a natural candidate to re-open the market. It had established a reputation for being innovative in its approach to funding, was saddled with a heavy debt burden, sported assets with lives long enough to match the maturity of its bonds and was in the middle of a major capital investment programme in the U.S.

Mr Richard Wakeling, BOC's group treasurer, says the company took the opportunity to raise long-term money on reasonable terms in order to refinance its existing debt. "Our purpose," he explains, "was to improve the stability of our financial structure and our interest changes."

The corporate bond market has taken a leaf out of the book of the bulldog bond market by pricing issues on a yield basis. This means that the price at which stock is sold is determined by the yield on a selection of gilt-edged securities offering a comparable maturity and nominal interest rate. Whereas it was possible to price bonds well in advance in the comparatively stable fixed-interest markets of the early 1970s, the recent volatility of interest rates has made the task of forecasting a correct price extremely hazardous. By pricing on a yield basis at the last minute this problem is avoided.

The trick in pricing is to determine a margin over gilt-edged yields which is acceptable to both borrower and lender. The typical differential is somewhere between 1.25 and 1.75 per cent. This margin reflects in part the greater credit risk of lending over a long period to a corporate borrower rather than the Government.

The corporate borrower must also pay more, however, to compensate for the more restricted marketability of his own stock compared with the Government's and in particular to make up for the absence of capital gains tax concessions on private sector debt. The corporate treasurer is competing for the attention of investment institutions, which can take profits on gilt-edged securtiies after a year without paying capital gains tax.

Deaf ears

Mr Tom Quinn of brokers W. Greenwell believes that the anomalous capital gains tax position has been a restraint on the growth of the corporate bond market. But the protestations of Mr Quinn and others have so far fallen on deaf ears.

Fiscal anomalies are not, however, the only reason for the recent faltering of the market. Last November the gilt-edged market moved briskly into reverse, increasing the funding cost to the corporate borrower. Since then the market has risen back to the level at which companies were raising debt capital last year but the stream of new issues is still extremely thin.

Some corporate treasurers undoubtedly believe that while nominal fixed-interest costs are low by recent standards they remain too high in relation to the level of actual and expected inflation. A yield at the long end of the gilt-edged market of around 10½ per cent is still a high figure when inflation is widely expected to stay under 7½ per cent for the foreseeable future.

In addition, lenders have shown a marked preference for debt which carries security—the old-fashioned debenture—rather than unsecured loan stock. The borrowers, however, have often been unwilling, and in some cases unable, to provide the collateral. Property companies, including MEPC, and breweries such as Watney Mann have saved perhaps half a percentage point of interest costs by offering security but the trend is by no means uniform.

The Government itself, while still a strong supporter of the corporate bond market, has recently resumed funding at the long end of the gilt-edged market in order to catch up with a heavy backlog of borrowing. The arrival of new competition has probably only weakened further the resolve of the corporate treasurer.

Ideally, a British company would like to have available to it a much broader range of funding options. Some critics of the Government's strategy maintain that it would have done better to encourage corporate bond issues carrying rather shorter maturities. The risk of issuing paper at a fixed rate of interest which will not be redeemed in this century is too great, they maintain. The Euro-sterling bond market caters for short issues, of perhaps four to seven years life, but there is a clear hole in the 10 to 15-year maturity range.

Similarly, bonds issued at a very deep discount to their redemption value and consequently carrying a low coupon would be attractive to, for example, oil companies financing a specific development. The funding cost would be loaded towards the end of the bond's life, when the development project could be expected to generate cash. Yet while the Inland Revenue has made some concessions on the tax treatment of these issues they are in the eyes of the market still not appealing enough to tempt a wide range of lenders.

Recently some companies have preferred to issue fixed-rate debt in foreign currencies, reflecting in part the shift by British companies towards capital investment overseas. Both ICI and Fisons have issued bonds—each containing an equity element—on the U.S. dollar market.

Equities market

CONTINUED FROM PREVIOUS PAGE

companies on the Stock Exchange.

But even the killjoy tender method has not entirely damped down the speculative interest in newly issued shares. For example, shares in Micro Focus, a computer software company, were offered at a minimum tender price of 155p in May. Interest was such that Micro Focus' advisors, Singer and Friedlander, were able to strike a price of 240p, valuing at around £40m a company that had only one year of profits behind it.

Yet by the end of the first week's dealing the price had hit £3. Currently the share price is 635p, valuing Micro Focus at over 100 times earnings.

Towards the end of September an American Depositary Receipt (ADR) facility was established in Micro Focus shares. American buying of UK equities, through ADRs, particularly in Glaxo and ICI, has provided much of the force behind the performance of the Industrial Ordinary share index. For the past two years Glaxo has been the best performing share in the Index, while U.S. investors are believed to hold as much as 20 per cent of Glaxo's equity through Morgan Guaranty's ADR facility.

Revitalised

Micro Focus, however, is the first Unlisted Securities Market (USM) stock to be given an ADR facility. The USM, founded by the Stock Exchange almost two years ago, has revitalised the new issue market. Now almost 200 companies strong, hardly a week goes by without at least one new entrant making its USM debut and thus joining the ranks of publicly quoted companies. This contrasts remarkably with the late 1970s, when the supply of new companies coming to London's capital markets dried up almost completely.

Many of the current wave of new companies have been coming to the USM because the enthusiasm of the bull market ensures that vendors will get an easy acceptance from the investing community and hence a good price for the shares they sell.

Many of these businesses, however, would never have come to the City but for the relaxation of Stock Exchange requirements that the USM embodies. Only 10 per cent of the equity needs to be in public hands and this has undoubtedly attracted entrepreneurial types. In addition, a USM applicant needs only a three-year trading record rather than five years in the case of fully listed stocks, so younger companies are able to tap the City for funds for expansion and development.

Partly for these reasons the Stock Exchange puts—in letters of red—a health warning on all USM share certificates. This states: "This security is not listed on the Stock Exchange and the company has not been subject to the same degree of regulation as a listed security." This apparent disclaimer by the Stock Exchange certainly fuels the popular belief that the USM is somehow a speculative market.

It is certainly true that some of the share price performances of USM stocks have been volatile, with spectacular early gains. This is in large part because of the thin markets implicit when small companies are floating only 10 per cent of their equity.

Take the example of the USM company Microgen, the first new issue of 1983. When it came to the market in January the float was so small that the City's broking firms were allotted only about 200 shares each. The share price almost doubled in the first day's dealings as demand met a necessarily very thin supply. Not for nothing is Microgen's corporate motto "less is more."

Microgen's speedy share price rise is not that exceptional on the USM. Indeed, the frequency with which this sort of price movement has occurred led the Stock Exchange in May to issue a warning letter to member firms. This letter insisted that firms placing USM shares should stop placing them with colleagues or family, thus stamping out an incestuous and profitable practice.

However, despite the fears based on the inexperience of new USM companies, the number of USM businesses that have actually collapsed can easily be counted on the fingers of one hand.

In July 1982 Hesketh Motorcycles went into receivership but since then the only casualty has been Io Technology in April this year. Io, like Hesketh, was a greenfield venture, and in both prospectuses the would-be investor was warned of the risks in stark terms. Nevertheless the Io Technology incident was worrying in that the 5p shares stood as high as 230p when the receivership was announced. The amount of published details about many USM companies is often negligible, giving investors little or no guidance.

In fact the most speculative activity has not been on the USM but in some fully listed stocks. This stems from the phenomenal rise of Polly Peck from a penny stock and rag trading shell to an international trading company with the heaviest share price in the stock market. Polly Peck's transformation owed almost everything to the Turkish connections of its chairman, Asil Nadir.

Strike twice

Based on the stock market's hopes that lightning will strike twice, other stocks which have come under control of Turkish, or Turkish Cypriot businessmen, have also seen phenomenal share price performances.

These include Mellins, another ex-rag trading near shell, whose share price rose from 8p to over 240p in the early part of this year. Polly Peck's own market rating suffered a reverse in March as doubts were cast over its apparent tax holiday. But this has not prevented new-found Turkish connections sending the shares of such companies as Bellair and Harold Ingram to levels which are inexplicably high, except perhaps to the most nerveless or self-deluding speculator.

In the wake of the mystique surrounding such third-line stocks, tip sheets have burgeoned, many of them specialising in so called "penny stocks." The growth of investor fascination for such decadent market terrain is, according to one theory, a sure sign that the bull market in equities is in a very mature phase.

Mainstay of industrial borrowing

Clearing banks

MICHAEL BLANDEN

THE RELIANCE of British industry on bank finance, and specifically on borrowing from the clearing banks, has increased substantially in recent years. Traditionally, the banks have been an important source of outside finance for the corporate sector, providing short-term overdraft lending to support working capital requirements and, to some extent, effectively offering long-term funds by rolling over "hard-core" overdrafts. With the growing pressures on companies since the early 1970s, however, they have been forced to turn more and more to the bankers.

Two factors have contributed to the problem. On one side, there has been a continuing trend towards reduced profitability in industry, lowering its ability to generate internal funds to support investment and expansion and forcing companies to turn increasingly to external sources. On the other, after the early 1970s the corporate debenture market, which previously had represented an important source of long-term funding, was for a long time killed off by the high interest rates which have reflected high levels of inflation.

In consequence, as Mr Kit McMahon, deputy governor of the Bank of England, noted in a lecture late last year, there has been "a dramatic increase in companies' dependence on banks. Between 1967 and 1973 the percentage of bank borrowings in companies' total new outside finance rose from 30 per cent to 70 per cent; between 1973 and 1982 it rose further from 70 per cent to 80 per cent."

The pressure of demand from industry has been one factor which has helped to bring about a significant change in the approach of the clearing banks to their corporate customers. A second important influence has been the growing competition for business from the large community of foreign banks operating in London.

Bill eligibility

Together, the foreign banks account for upwards of 15 per cent of lending in sterling in the UK and for 65 per cent of currency advances; the bulk of this is likely to be to corporate customers. Furthermore, the involvement of the foreign banks was substantially increased as a result of the change in the Bank of England's rules governing the eligibility of bank bills for rediscount (which enables them to command the finest rates in the market).

The list of eligible banks was greatly increased in August 1981 to a total of 96, and is now 124. The change was followed by a sharp rise in acceptance business—the market has more than doubled in size since then to £13bn—with foreign banks playing a particularly active part. The growth of this market in the end prompted the Bank of England earlier this year to ask some 20 foreign banks to restrict their activities in this area.

The foreign banks, and particularly the Americans, have brought to the British market their own approach to selling their services, more aggressive and less reliant on traditional banking relationships than the UK clearing banks were accustomed to. But the domestic banks have responded to this challenge and to the requirements of industry to a degree which, it can now be argued, has put them if anything ahead of the foreign competition in providing services to industry.

The clearing banks have, as has been widely publicised, played an important part during the recent years of recession in supporting hard-pressed company customers, adopting a reasonably tolerant approach to those which have found themselves strapped for cash and nursing many in "intensive care" units; this aspect of their activities is covered in a separate article in this survey. They have also, however, considerably developed the services provided for corporate clients.

Term lending

One important development over a period of years has been the increase in the amount of lending carried out by the clearing banks not on overdraft, technically withdrawable on demand, but on a longer-term basis. Term lending, usually for up to seven years but sometimes for ten years or more, has represented a growing proportion of bank lending.

In their evidence to the Wilson committee on the financial institutions late in 1977 the London clearing banks pointed out that term loans then represented 40 per cent of total lending to UK residents (excluding personal borrowers); the figure would have been 47 per cent if export finance was included.

To some extent, this lending represents a consolidation of what had previously been de facto longer-term finance extended by the banks in the form of hard-core overdrafts; but it also reflects the extent to which the banks have been required to replace previously available forms of finance such as debentures.

A second important change has been the growth of other forms of finance offered by the banks, including their hire purchase activities and particularly leasing. The volume of leasing carried out by the clearing banks has grown considerably—the figures for the big four are illustrated in the table.

It is attractive for the banks because it enables them to shelter profits from tax by taking advantage of capital allowances; but leasing has also proved valuable for companies which, because of lack of available profit capacity, are unable to take full advantage of the allowances.

The development of leasing has been controversial. While the Government has recognised its importance as a source of finance for industry, there has also been a widespread feeling that it has enabled the banks cut their tax bills by taking undue advantage of capital allowances which were originally intended to benefit industry rather than the financial sector.

Coupled with the argument that the banks have made excessive profits as a result of the high interest rates which have ruled in recent years, this led to the special levy imposed on the banks in 1981-82 which took £315m from the big four alone.

The banks have argued that in fact much of the benefit of the capital allowances is passed on to the customer in the form of reduced charges; their arguments received some support recently in a research document written by Jeremy Edwards and Colin Mayer and published by the Institute for Fiscal Studies under the title "Issues in Bank Taxation."

They found that the popular conception that the UK banks earn excessive profits and pay proportionately little tax was not supported by their analysis; rather, they argued, a comprehensive reform of Britain's present illogically structured corporation tax system was needed.

In any case, the issue of bank profits has become somewhat less acute as their business has come under pressure as a result of the problems both in domestic and in international lending. The question has been not whether their profits are too large but whether they have made enough provision for bad debts.

Total provisions among the big four in 1982 were £962m, a rise of £580m compared with the previous year. And in his budget statement this year Sir Geoffrey Howe, then Chancellor of the Exchequer, said that having considered the issue of bank taxation he had concluded that "it would not this year be sensible to tighten the tax regime for banks." The threat remains, however.

Perhaps the most significant development in British banking, however, has been that in response to competitive pressures and the requirements of industry the clearing banks have greatly extended the range of the advisory and other services they offer to industry.

Specialist advice

Centralised divisions have been set up to handle corporate finance services, specialists have been brought in to deal with specific industries such as energy, mining and shipping, and the clearing banks have made some inroads into the advisory services traditionally offered by the merchant banks.

One significant development, for example, has been in the area of cash management. Here the U.S. banks led the way, providing services which enabled corporate customers to maximise the use of their resources at a time of high interest rates.

The UK clearing banks have begun to move into this field (somewhat reluctantly, since the result of cash management systems is to reduce the volume of money left floating around the banking system) with systems geared specifically to the requirements of British companies.

In a number of ways, therefore, the UK clearing banks have become considerably more sophisticated in their approach to corporate business. But they, along with the Bank of England, would certainly welcome a sustained renewal of alternative sources of finance for companies, including particularly the debenture market, to meet the borrowing needs of companies as and when economic recovery gets under way.

EQUIPMENT LEASED TO CUSTOMERS
(£bn)

Year	Barclays	Lloyds	Midland	NatWest	Total
1978	0.49	0.23	0.31	0.37	1.40
1979	0.87	0.32	0.44	0.66	2.29
1980	1.41	0.58	0.57	0.99	3.55
1981	2.05	1.01	0.80	1.47	5.33
1982	2.67	1.47	0.91	1.86	6.91

Source: The London Clearers, Wood Mackenzie and Co.

Mr Roy Dantzic—keen on investor relations

PROFILE:
ROY DANTZIC

Guiding hand at Britoil

AS A former corporate finance executive himself—at merchant bankers Samual Montagu—Roy Dantzic has explored the subject from both sides of the fence. Since 1980 he has been finance director of Britoil (or its predecessor BNOC), joining his former Montagu boss Philip Shelbourne who is chairman of Britoil.

The two merchant bankers' corporate finance skills were vital in the long and exhausting process of preparing Britoil for privatisation and nursing it through a highly troubled flotation and difficult first few months in the stock market. Since then, however, the revival in the oil sector has allowed Britoil to sail through into much calmer waters.

From an issue price of 215p a share last November the quotation tumbled to a low of 157p but has since bounced up to surpass the issue level. "We have quietly tried to persuade people about the merits of the company, separating out all the problems of the first few months," says Mr Dantzic.

A low key approach paid off, he considers, adding that in the highly skilled business of dealing with stock market transactions, merchant banking advice is essential. "There are few companies which have enough need themselves to keep abreast of changing market attitudes and regulatory practices."

Roy Dantzic also believes that financial public relations is a very important area. He set up an investor relations unit in Britoil, and the company's activities in this area have included two visits by analysts and investors to the Thistle Field.

Two-way function

He sees investor relations as a two-way function, also allowing dissemination within the company of the perceptions of outsiders about it. "If you have the long-term interests of your shareholders at heart you should have regard to those feelings," he says.

On the banking side Mr Dantzic has also been busy. Although the company has always been prominent in the foreign exchange market there was a need to expand relationships with the banking community, because until last year all BNOC's cash flow was paid directly into the National Oil Account. Since then, a strengthened treasury department has developed relationships with well over a hundred banks and licensed deposit takers.

In addition, having inherited BNOC's \$400m floating rate interest facility, Britoil has in the past few weeks succesfully tapped the Eurodollar bond market, introducing longer maturity debt at a fixed rate to its loan portfolio. It is also entering the U.S. commercial paper market.

Britoil has also had to think carefully about its currency strategy because it is a company which reports in sterling but which receives dollar revenues. One question is therefore whether it should seek to protect its cash flow or profit and loss account from currency fluctuations; the current strategy is to protect the former.

When it comes to specialist oil financing he considers that American banks are still streets ahead of most of their UK counterparts—though there are two or three exceptions among the British banks.

He finds that U.S. banks' knowledge and experience is impressive, for example in project finance, drawing on their long relationships with the U.S. oil industry.

Britoil is still a very young company (though very big for a comparative baby) but Roy Dantzic aims to develop lasting links with the financial markets. "I'm a great believer in relationships," he says. "That is basically what the financial community works on."

BARRY RILEY

Rapidly growing breed of money specialists

Corporate treasurers

BARRY RILEY

IN THE space of four years the Association of Corporate Treasurers has grown from nothing to a current membership of some 800 — impressive evidence of the rapid creation of a new professional speciality.

The corporate treasury function really came to the fore in the late 1970s, a period of great instability in interest rates and exchange rates. The need for an internal specialist to cope with the challenges of the banking system became accepted by most large companies and many smaller.

More recently the financial markets have become more sedate but at the same time more complex and international. New markets like the London financial futures market LIFFE are providing ever greater opportunities for the corporate treasurer to show his paces.

The first comprehensive study of the evolution of the corporate treasury function in the UK was recently published by the Association, thanks to sponsorship by County Bank. The aim was to investigate treasury management in the top 1,000 UK companies, but in the end the field was narrowed down to 113 respondent companies, all of which were represented among the ACT membership.

Just over half the sample had separate treasury departments. Typically, the treasury function had been created by hiving off some of the responsibilities of the finance director, who had found it difficult to cope with the responsibilities for both accounting and reporting, and the day-to-day management of financial resources.

Some 90 per cent of treasury departments had been created since 1970, more than half of them since 1975. The peak year for forming them was 1977 — suggesting a clear link with the highly volatile financial conditions of the period.

The study lists four core areas—banking, the investment of surplus cash, borrowing and currency management—as the central activities of the treasurer. There are also a number of closely associated activities such as leasing, project finance and export finance.

The treasurers can make a contribution in a number of other areas, even if more on a policy basis than in terms of day-to-day handling. These include country risk analysis, taxation, pension funds and insurance.

The typical treasury department is small, with five or less non-clerical staff. The treasurer is likely to report to the finance director, though he often has very substantial discretion in the investment of surplus cash and the management of short-term borrowing. For long-term borrowings, however, he is likely to have to refer to higher authority.

Examining body

The treasurer himself is much more likely to have an accountancy qualification than a university degree or a banking qualification. It appears that when treasury departments have been set up companies have chosen accounting personnel, though this may be less true in future when there are greater numbers of "career" treasurers with banking experience. Eventually, there may be applicants with the new specialist qualifications now being developed by the ACT, which is to become an examining body.

Although the treasury function is now fully established in many companies, there is still no standard view of exactly what objectives the corporate treasurer should be pursuing. In particular, there is a debate over whether the treasurer should content himself with reducing costs or whether the treasury should actually be set up as a separate profit centre.

At a fairly basic level the treasurer is seeking to obtain the most favourable rates in a particular market. In the London money market, for instance, distortions are often introduced by official intervention, which can make it worthwhile for companies to switch between base rate-linked and money market rate-linked lines of credit.

There are also straightforward advantages in dealing in large sums because rates are finer—an argument for having a central corporate treasury rather than separate financial dealings by various divisions or subsidiaries of a single group.

Moreover there are good arguments for the availability of a pool of in-house expertise, so that propositions made by various financial intermediaries can be professionally assessed.

Very quickly, however, the treasurer becomes drawn into the analysis of risks—notably those attaching to movements of interest rates and exchange rates. Should he borrow short or long? Should he go short on a currency which he expects to be weak? At what point does he cease to be a prudent manager and start to be a speculator — does that matter anyway?

In practice companies have different approaches. The ACT's survey showed, for example, that the respondent companies took three broad approaches to the management of foreign exchange risks. A third of the companies gave the treasurer unlimited discretion, and another third imposed defined limits. The third group demanded strict control procedures, either through a committee arrangement or by supervision by a superior (usually the finance director, or another board member).

There is a common impression that corporate treasurers are destabilising forces in the world's financial markets, switching huge sums around from currency to currency—if only on a leads and lags basis—and posing big problems for central banks.

Hedge positions

Yet the average treasurer himself will see it quite differently. He is normally concerned to minimise exposures — to hedge positions rather than to open them. But ahead of, say, a threatened week-end realignment in the EMS perceptions of risk can sometimes be greatly changed.

Now the development of the futures market in London, where LIFFE has just celebrated its first anniversary, provides corporate treasurers with new opportunities. Yet it appears that so far treasurers have not been very active, no doubt partly because futures are complex instruments to use and the educational process is bound to be relatively slow.

Now, however, several banks are in the process of introducing loan products which incorporate the use of futures and this can be expected to become a much more familiar area with the passing of time.

Certainly it is in the area of interest rate futures that the main scope appears to lie. LIFFE's currency futures, on the other hand, have proved to be no match for the well-established and highly liquid market in forward currencies provided by the banks.

Healthy level of client billings

Merchant banks

RAY MAUGHAN

THESE HAVE been happy months for the corporate finance teams of London's merchant banks. Spurred by a strong bull market phase, clients have been easily persuaded to rebuild their balance sheets through rights issues, to clean up their profile by peripheral disposals and to use attractively priced paper to take out competitors or to tack on a stream of income from a new activity.

All of which adds up to a healthy level of client billings which, on the face of it, could run on comfortably into next year and beyond. Ask almost any corporate financier and he will tell you that he has a decent-sized new issue for late autumn or perhaps early next year with a couple of unlisted securities coming to the junior market in between.

The unlisted securities market is plainly coming of age. The top drawer merchant banks are becoming just as involved in sponsoring these issues as the smaller broking firms. If there is one thing that marks out the 1980s in banking terms it is the desire to get out and find the seed companies early.

In corporate finance, however, as in most things, it is visibility which counts. The blockbuster deals catch the City's imagination; a glamorous new issue takes the eye and the merchant banks are aware that, however assiduously the back room teams service the routine needs of their customers, it is the headline coup which helps to persuade the undecided industrialist to bring his business to the parolurs of this bank or that.

Well chronicled

The success of S. G. Warburg in defending clients from unwanted offers has been well chronicled this year, as has Morgan Grenfell's expertise in prising out bid acceptances for clients. The pair have locked horns on more than one memorable occasion so far this year, not least in the struggle for control of Thomas Tilling, the faltering conglomerate finally swallowed by the "all-weather" success story, BTR. Sotheby Parke Benet is another case in point—and a neat illustration in changing political circumstances of how best to direct one's lobbying.

The sheer weight of the BTR offer or the extraordinary shifts in the Sotheby's saga should not obscure the machinations that went on when UDS Group was under siege. Advised by Hill Samuel, this drapery group was pursued initially by Bassishaw Investments, handled by N. M. Rothschild and Barclays Merchant Bank, briefly went to Charterhouse Japhet for advice when the boardroom wranglings become too acrimonious and was finally wooed and wed by Hanson Trust, handled by Schroder Wagg. In the background, of course, nurtuning disposal hopes was Burton Group, advised by Warburgs.

Moreover, if Trafalgar House had been given permission by the Office of Fair Trading to take a full tilt at Peninsular & Oriental Steam Navigation, the City's battle honours this year would have been joined by either Schroder Wagg for a heroic defence or by Kleinwort Benson for a corporate raid with the Nelson touch.

Throw in UDS' Richard Shops and John Collier disposals, big cash calls for the likes of RTZ and the Beecham Group, successful tenders for the latest tranche of British Petroleum, high-tech newcomers such as Oxford Instruments and, not least, the latest chapters in the Lonrho/House of Fraser potboiler, and that just about covers most of the heavier action in corporate finance this year.

Lucrative though these deals have undoubtedly been (at least for those coming out on the right side), the numbers are going to look paltry when the sums raised, and commissions earned, are totted up next year and thereafter as the Government's disposal programme gets properly under way.

Some parts of the Government's ambitious privatisation campaign look manifestly easier to accomplish than others. The sale of the more profitable parts of BL will not, in the strictest sense, come under this heading since BL is still (just) publicly listed. Unless the idea of buying a successful, independent and free-standing distributor of vehicle components suddenly palls in investors' minds, Hill Samuel should get the Unipart issue away successfully some time in the 1984-85 financial year. Similarly, the bank should obtain a decent price for Jaguar when BL's fast recovering luxury car maker lines up for an independent quotation.

But the giant of the piece is undoubtedly British Telecom, so large in fact that the City is beginning to wonder whether the capital markets will stand the strain.

The estimate, with which nobody yet has been prepared to quibble, is that the Government will be looking for some £4bn for the sale of a 51 per cent stake in BT. Leaving aside the vexed question of union compliance with de-nationalisation in this industry and the effect on the Public Sector Borrowing Requirement of getting BT into shape for a public offering, the impact of what might be described as "crowding out" could be quite awesome.

The sum of £4bn is roughly double the amount raised on the London equity market last year. Given that many brokers believe that the de-nationalisation will not reduce the scale of the Government Broker's operations in the gilt-edged market next year—possibly just the reverse—crowding out stands to become a serious potential threat to capital formation in the City before the target flotation date of October next year.

Merchant bank activities in corporate finance

FLOTATIONS†

	1982 No	1982 Value (£m)	1981 No	1981 Value (£m)
J. Henry Schroder Wagg	17	1,239.9	8	594.5
Morgan Grenfell	15	886.6	12	245.6
S. G. Warburg	6	796.7	8	1,609.5
N. M. Rothschild	3	635	1	20
Kleinwort, Benson	3	564.34	5	416.41
Lazard Brothers	3	322	2	162.6
Hill Samuel	3	229	1	150
Samuel Montagu	5	200.9	3	22.4
Hambros Bank	3	67.9	—	—
Robert Fleming*	2	31.4	2	4.6

† Includes duplication when more than one bank was involved in the same issue—notably in the case of Britoil.
* Excludes placings

RIGHTS ISSUES

	1982 No	1982 Value (£m)	1981 No	1981 Value (£m)
S. G. Warburg	6	297.7	7	255.7
Morgan Grenfell	7	114.7	8	766.8
Kleinwort, Benson	3	87.96	13	121.83
County Bank	4	85.5	5	12.49
Hill Samuel	3	75	9	114
Lazard Brothers	3	67.5	4	985.2
Brown and Shipley	4	34.9	2	6.2
Samuel Montagu	4	24.0	9	117.4
Robert Fleming	3	23.0	6	48.0
Hambros Bank	3	21.36	3	81.75

TAKEOVERS AND MERGERS MANAGED

	1982 No	1982 Value (£m)	1981 No	1981 Value (£m)
S. G. Warburg	19	1,188	27	1,122
Morgan Grenfell	36	1,121.9	31	1,073.9
N. M. Rothschild	15	798	17	583
Hill Samuel	17	690	10	148
Kleinwort, Benson	25	477.34	23	407.18
Baring Brothers	7	474.5	8	932.56
Samuel Montagu	30	438	21	727.6
County Bank	24	400.81	19	98.1
Charterhouse Japhet	8	400.3	11	31.9
J. Henry Schroder Wagg	11	397.7	13	1,270.3

Research by Jan Schling

Small wonder that Kleinwort Benson, acting for the Government, and Warburgs, advising for the company, have tested the possible response from investors in Japan (the reaction was decidedly luke-warm by all accounts) and are starting to canvass support on Wall Street.

It is now being suggested that U.S. investors will be asked to subscribe for as much as half the issue. Putting aside the political ramifications of offshore investment in a "national asset," particularly if the offer is a runaway success, the question that remains is whether New York will see BT as a utility and price it accordingly as a low risk, high yield investment.

Yet despite the very profitable stagging of the Amersham International float and the initial disappointment with Britoil, the denationalisation programme has started well. The public seems to have adapted to the tender technique—although most merchant bankers agree that tenders go in and out of fashion—and the British Aerospace and Cable and Wireless issues have been smoothly received.

Kleinwort Benson has rightly taken much credit for the orderly introduction of state assets to private shareholders but the bank and its peers now face an issuing task on a hugely greater scale. Next year holds out rich promise for corporate finance in the City but several major obstacles remain to be overcome. It would help not a little if the stock market stays bullish. But will it, or has the long upward march of share prices come to an end?

Improved care for ailing companies

Rescue schemes

DAVID DODWELL

WHETHER or not the worst of the crisis in the UK corporate sector is over or not, there are still a great many patients laid up in the clearing banks' "intensive care units."

While there are few signs that the number of companies being put into care is falling, there is growing evidence that banks are getting better at nursing them back to health.

In place of ad hoc procedures adopted in haste, the clearing banks now have large—if self-effacing—departments which do nothing other than tend to the needs of ailing client companies. Barclays and Midland Bank have specifically defined "intensive care units." While Natwest and Lloyds eschew the label they too have specialised corps of staff working from central headquarters on problem companies.

Learning how these departments work and how they collaborate with the Bank of England, company creditors and the merchant banks which act as financial advisers to their intensive care patients is complicated by the hushed tones in which corporate rescues are discussed. Secrecy is seen as a primary ingredient in a formula for a company's survival.

Never eroded

One senior clearing banker confided: "Once people discover that a company is in intensive care there is always someone who wants to shut off the oxygen supply.

"At the end of the day, the best industrial rescues are those that no-one knows about. Then confidence in the company is never eroded."

While bankers will concede that there are more companies in intensive care today than there were five or ten years ago, all attempts to persuade them to define the situation more specifically are politely diverted.

One banker, franker than most, admitted: "We always have a portfolio of clients who are in trouble. Why else would we have provisions for bad debts?

"And if you also note that a bank's portfolio is a barometer of the state of UK Ltd then we have more problem companies now than we had in the past."

He went on to point out, however, that improved procedures for early detection of problems and for co-ordination of a rescue had enabled bad debt provisions to be cut to half of their level in the mid-1970s in real terms.

Because each clearing bank claims a distinctive approach to corporate rescues, it is difficult to define the characteristics of a company in need of intensive care.

Certain basic hallmarks are universal, however. The company will be making losses, have cash flow problems and be facing difficulties in repaying debts. High debt levels will often coincide with declining sales, overcapacity, rising stock levels and fixed costs that cannot easily be reduced.

They will be more vulnerable if they are single product companies. Often they are victims of rapid technological change or shifts in international terms of trade.

It may be a creditor or the company itself that triggers the alarm but once that happens a sequence of intensive care operations is swiftly introduced. Meetings between the company—normally advised and represented by its merchant bankers—and main creditors will usually be followed by the appointment of investigating accountants.

This period, during which the accountants aim to establish whether the company is fundamentally viable, is usually the most precarious. Creditors keenly tempted to call in their loans will be asked to back an interim loan package to buy the time needed to allow the auditors to complete their work.

If the conclusion is that problems are essentially temporary, then the company and creditors will set out to formulate a survival package.

While the banks themselves have the expertise needed to settle the refinancing aspects of a rescue, it will more often than not be the merchant bank which will draw up details of corporate reorganisation with the ailing company. These could involve boardroom changes, the sale of subsidiary operations, factory closures and redundancies.

A merchant bank's capacity to plan such change obviously depends on the closeness of its relationship with the client company over a period of time. There have been instances, however, when a merchant bank is thought to be so close that part of the survival plan can include a call for its own resignation.

Mixed feelings

Many reputable merchant bankers talk with mixed feelings about involvement in corporate rescues. The work involved in trying to keep a company afloat can be extensive—but if at the end of the day creditors call in their funds, then the likelihood of being paid for that work is small. It can be a time during which the strength of their commitment to a client is severely tested.

The greatest problems on agreeing a survival package unquestionably arise where a company has a large number of bank creditors — and particularly where some of these are foreign banks. The practice—now well established—of nominating a lead bank to act as a kind of honest broker attending to the diverse interests of different creditors is an essential first step to finding a path through this maze of conflicting interests.

In such situations the Bank of England often plays a discreet but significant part in dissuading banks from taking overhasty action.

Some of the severest problems have arisen when banks, or a company's financial advisers, have been unaware of—or unable to act on—crises until too late a stage. Here, company executives have sometimes been their own worst enemies. Blaming problems on recession, they ignore or gloss over more fundamental weaknesses as they seek new loans to "tide them over."

However, continuing deep recession, coupled with a sharp decline in the competition between foreign banks to consolidate a foothold in the UK through loans to industry, has forced many belatedly to reveal to creditors the extent of difficulties.

"Directors are often the last people to accept there is a problem," one banker complained. "Pride can stop them from admitting anything is wrong. They will fight hard to keep creditors apart and play one off against another."

By now, such evasion has become much rarer. The banks' intensive care units have through experience refined their early warning sensors. Many merchant banks are taking a more active part in alerting clients to developing problems.

One leading merchant banker even claimed that his periodical look at a client's books often made him better able to see problems than a finance director: "It's like an uncle visiting nieces or nephews once or twice a year. You notice much more clearly than the parents how they have grown or changed, because for the parents the change is too gradual to be visible."

For the clearing banks, and for merchant banks, the direct involvement in crisis-ridden industry over the past five years of recession has taken them into uncharted territory where new conflicts of interest are emerging.

Efforts by clearers to maintain a conventional arm's length relationship with clients as a rescue is implemented have been hard to maintain. They have been drawn closer to the traditional domain of merchant bankers, and more radical still, closer to being "risk takers" in their own right.

One banker, spearheading his own clearing bank's intensive care operations, was typical when he expressed a mixed wariness and fascination over the changes that are taking place: "Only in five years will we know whether we are right to be taking this course."

PROFILE: ANTONY HICHENS

Treasurer to Gold Fields empire

Mr Antony Hichens—like to build long-term relationships

CORPORATE finance tends to be an active area at Consolidated Gold Fields. The group has raised substantial capital over the years through rights issues and has been busy on the acquisition and (more recently) disposal fronts.

Moreover, Gold Fields itself came under threat from a potential bidder when several years ago De Beers launched an undercover share buying operation culminating in a "dawn raid." That South African holding has stabilised at 28.9 per cent but it must remain a key element in Gold Fields' strategic planning.

Antony Hichens, Gold Fields' finance director, likes to build long-term relationships with his financial advisers. "You get very comfortable with people after a time," he says, "and if they perform it helps enormously if you get to know them over a long period."

He would distrust arrangements which encouraged advisers to try and make money by putting up short-term propositions. It is better that their rewards should come from "getting it right over the long term."

Nevertheless there has been a significant change in Gold Fields' London merchant banking connections. S. G. Warburg has been appointed, in addition to the group's long-standing adviser Schroder Wagg.

But Mr Hichens insists that this does not imply any dissatisfaction with Schroder's performance. "Merchant banks have different strengths," he suggests. "It is essential to have two sources of advice for a group of Gold Fields' size."

The same pattern is repeated in New York, where Mr Hichens believes that "you must have local advice." Thus Gold Fields deals with two investment banks, First Boston and Goldman Sachs, with both of which, again, it intends to maintain long-term links.

Another totally confidential long-term relationship is enjoyed with the group's London stockbrokers Cazenove, the source of advice on anything to do with the workings of the market and, in particular, movements of the share price.

The brokers are not paid fees by Gold Fields, except through occasional large sums when issues are launched. Antony Hichens admits that "it's an odd way of paying" but it is the traditional way.

While Consolidated Gold Fields is very much of an international business, its shareholders (apart from de Beers) remain predominantly British, although there are some American Depositary Receipts traded over the counter in New York.

About a decade ago the company was actively considering a full New York listing but found the Securities and Exchange Commission too inflexible to deal with. Now, however, Antony Hichens detects the SEC to be "somewhat more receptive to the differences of foreign companies."

If Gold Fields ever tried to reopen negotiations for a New York listing, Mr Hichens observes, the group would do it to seek "an extension of the capital base from which we could raise money in the long term."

BARRY RILEY

Spotlight on overseas earnings

Taxation

DAVID FREUD

THE Conservative administration has stepped back from making fundamental changes to the UK system of corporation tax. A Green Paper discussing possible changes was released early last year but the then Chancellor said in the March budget, that "these should be no change in the broad structure of present arrangements."

The Government's attentions have therefore switched to the kind of piecemeal development that has been the tradition in tax policy. The area which is now the focus for adjustment concerns profits earned overseas. Complex legislation to tax profits booked in tax havens was introduced in the March budget, although the early announcement of the election means it has not yet been passed. The legislation was, however, to apply from the beginning of the next financial year, so the timetable for introduction has probably not changed.

The Inland Revenue has clearly pinpointed foreign earnings as a major area of what it considers abuse by multinationals. Over the past year or so it has produced details of several schemes which it finds undesirable. It looks, however, as if it will continue to deal with such schemes by one-off rather than blanket legislation. The original 1983 Finance Bill, for instance, dealt with tax avoidance schemes that manipulated companies' residence for the benefit of the overall group.

Delaware link

Another device the Revenue has attacked in the past is the "Delaware link," by which companies have used dual resident holding companies to make U.S. acquisitions and obtain double relief against tax for the single set of interest payments associated with the acquisition. So far no specific legislation has been introduced to deal with this, however.

The emphasis on curbing abuses of corporation tax looks a little like closing the stable door after the horse has bolted because as a revenue raiser, corporation tax has become increasingly disappointing. Excluding North Sea oil and gas, taxes on company revenue have fallen from around 13 per cent of total central government receipts in the late 1960s to about 5 per cent in the early 1980s.

Even this comparison understates the true decline, since Advance Corporation Tax, which in reality is a tax on individuals' income, has taken a greater proportion of corporation tax receipts. The shortfall in mainstream corporation tax has had to be taken up by increases in revenue sources based on turnover, like National Insurance contributions and VAT.

Real profits in the corporate sector have had a thin time over the past decade — undoubtedly a partial reason for the fall in corporate tax receipts. But high inflation rates have forced a series of *ad hoc* changes to the system which make it very inflexible. As a result the authorities find it difficult to collect taxes even when there are profits. Accordingly they have tended to resort to one-off imposts, with the oil industry a habitual target, while two years ago the clearing banks became victims as well.

Capital investment

The two most important adjustments made in the light of the high levels of inflation have been capital allowances and stock relief. Notionally, capital allowances are intended as an incentive for capital investment.

In practice the availability of 100 per cent first year capital allowances has offered a rough and ready adjustment for inflation. When prices are rising historical cost depreciation is inadequate to finance the replacement of assets.

Such allowances are useless for tax-exhausted companies—the current overhang of tax losses is probably £35bn and rising at the rate of £5bn a year—so a highly sophisticated leasing industry has developed in the last decade to transfer unused allowances of concerns such as banks to heavy investors such as manufacturers. But the tax loss overhang of the manufacturers means that any substantial pick-up in profitability is unlikely to be matched by much of a gain in the tax take.

The other important adjuster—stock relief—was changed two years ago so that it is now based on a single price index. This means that it is no longer quite so open to abuse as the original "temporary" system, which was based on the valuation of the stocks of a company at the end of its financial year. Under the new system, however, a future surge in particular commodity prices will allow little relief so far as the tax demands of the companies most affected by the surge are concerned.

Willing help for the bright ideas

Venture capital

TIM DICKSON

VENTURE CAPITAL activity in Britain — and even in parts of Continental Europe — can only be described as hectic.

The feverish enthusiasm of the U.S. market, in which more than 80 funds are currently estimated to be seeking new money has well and truly crossed the Atlantic this year and shows little sign of dying down. UK-based funds are appearing almost weekly — many spurred by the Government's Business Expansion Scheme which gives tax relief to individuals investing in unquoted companies — and new "players" are entering the game at a similarly brisk pace.

The opportunities for anyone with a bright idea and prepared to part with equity have seldom been greater. According to Venture Economics, the UK arm of the U.S.-based Venture Capital journal, a total of 58 "independent" funds are now operating in the UK (including subsidiaries of the clearing banks but not ICFC). Since 1979 VE estimates that some £280m has been raised for venture investing, including more than £100m on the stock market.

More exciting

The reasons why venture capital has caught on in Europe are by now well known. Small companies have become fashionable, many of the more exciting technologies are being developed by new businesses, and financial institutions have realised that traditional methods of portfolio management are not necessarily appropriate for investing in such enterprises.

Merchant banks and others have risen to the challenge in different ways. Conscious that successful young businesses are potential clients for their other services and that some will one day be ripe for taking to the public markets, many banks have launched funds to attract more attention. The question which has yet to be answered, however, is whether on their own they can become good venture capitalists.

The now conventional wisdom from the U.S. high priests of venture capital is that the art involves more than just putting money in and waiting to see if a company lives or dies. Venture capital, the experts say, should not be viewed as a "portfolio" approach (ie, you win some, you lose some") but as a professional support operation for growing companies. Marketing advice, the provision of technical know-how and contacts in overseas markets are just some of the contributions which can be made.

In short, venture capitalists should be sufficiently experienced in running a business to roll their sleeves up and get closely involved with the running of companies in which they have invested.

The accepting house Guinness Mahon took these points into account earlier this year when linking up with Venture Founders Corporation to found a new UK venture capital fund. Effectively, Guinness Mahon was acknowledging that its own staff do not have the skills successfully to run a venture capital operation and that outside specialists need to be called in to provide a satisfactory service.

Venture Founders, which has more than 13 years' experience in the United States, was one of the first U.S. groups to come to Britain when it set up a team in 1979. The group claims to have "anglicised" American venture capital techniques while investing in the two £2m funds which it has managed over the past four years.

Lazard, on the other hand, prefers to carry on its venture capital activities "in house." The bank recently set up its own fund under the Business Expansion Scheme and has successfully established two regional funds backed by local authority pension funds to invest in local businesses.

Hill Samuel has its Fountain Development Capital Fund (managed in house) while Morgan Grenfell along with Prudential Assurance and PA International Consulting Services in July this year formed an £8m limited partnership called Managed Technology Investors to back emerging companies in the UK technology sector.

The number of funds looking for suitable investments is growing all the time and competition now comes from all quarters. Investment trusts such as Murray Technology have unquoted portfolios, pension funds such as those run by the Naional Coal Board are active on their own account, a host of specialist funds such as the APA Venture Capital fund and Advent Technology are increasingly active and banks and some insurance companies are involved at the fringes.

The vast majority of funds are primarily interested in applicants with a "high tech" flavour, seeking £100,000 to £1m and aiming to go public within five years.

A significant new pool of money for investment—well over £25 to date—has been provided by the funds constituted under the Business Expansion Scheme. Charterhouse Development, S. G. Warburg, Minster Trust and Guinness Mahon are among those which have recently launched new schemes.

Many commentators feel that the tax relief available to investors is bound to filter through to companies in the form of better terms. They also believe that this could put institutionally-backed funds, which do not get tax relief, and long-standing operators in this field like ICFC, at a disadvantage.

In view of the fierce competition for new deals and the entry into the market of inexperienced venture capitalists, observers such as Geoff Taylor of Investors in Industry, Ventures Division (formerly TDC) expect a shake-out in the next few years as some investments go sour.

In particular, the claims of many fund managers to be adopting what the Americans call a "hands on" or "proactive" approach are arousing some scepticism. Critics point out that simply providing a man on the board and access to the management company's consultancy services is not nearly enough. A true venture capitalist must be capable, if necessary, of getting involved in the day-to-day running of a business.

John Ormerod of Accountants Arthur Andersen, for instance, reckons that many UK venture capital funds will not have resources to cope when "in a couple of years the emphasis switches to 'after care.'"

Right questions

"I can see a big rôle for accountants helping to sort things out, asking the right questions about a business, and acting as a sounding board for management company and investor," says Ormerod.

"Compared with the U.S. the UK is still at an early stage. Not only have venture capitalists there financed a large number of companies with high growth prospects, they can also point to a good number of resulting successes."

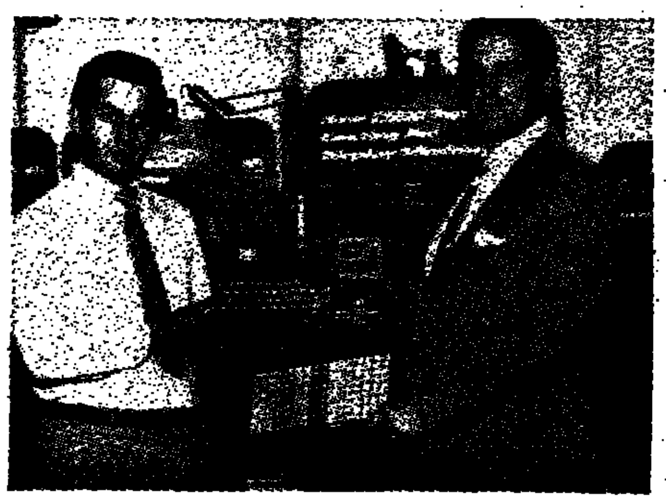
The publicity which U.S. venture capital has received on both sides of the Atlantic has increasingly attracted the attention of UK investors. Institutions like GT Management have for some time had links with people like the Californian venture capitalist Mr Jack Melchor.

Abingworth, the UK company which went public this year, has successfully specialised in fast-growing U.S. companies and given its institutional investors a taste of the rewards since its formation in 1973.

Now, 10 years later, American venture capitalists are well aware of the undimmed enthusiasm in London. Earlier this year Hambrecht and Quist raised a significant amount of money in the UK for a new U.S. venture capital fund, though just how much the company refuses to say. Managers of Hambro International Venture Fund, which is run from New York, were in the UK recently to discuss progress with their UK investors and to lay the ground for a further fund-raising in Europe in the future.

The newly-created Paragon Partners, whose four general partners include three former vice-presidents of Citicorp Venture Capital, are planning to raise in London $10m of their planned $40m. Paragon Partners Fund is based in Menlo Park, California.

Alan Patricof Associates of New York is laying ambitious plans to raise $50m from European investors for a new U.S. venture capital fund.



Mr Brian Stillwell (right), managing director of N.F.I. Electronics, Newport, IOW, and his brother and fellow director Mr Barrie Stillwell. The company recently received a £300,000 equity injection from Hill Samuel's Fountain Development Capital Fund.

PROFILE: MICHAEL GARNER

Mr Michael Garner — "The banks have stood by us"

Tough job at the TI Group

AS FINANCE DIRECTOR of TI Group Michael Garner has been at the sharp end of the corporate finance problems of British industry in the past few years.

Although the group's origins in the steel tube industry are no longer recognised in its title —Tube Investments being anonymously initialised—it has not been so easy to escape the decline of the heartland of British industry.

Several years of difficult trading and rationalisation culminated in the sale at the end of 1982 of British Aluminium, once a jewel in TI's crown but latterly a heavy lossmaker. However, unlike a number of others TI has survived and today looks in reasonable shape, although the recovery is patchy.

In the circumstances Michael Garner's first priority has concerned his dealings with the big banks and he has few complaints "The banks have done all the right things by TI in the past three years," he says.

"We deliberately attached top priority to cash conservation from mid-1979 onwards," he observes. "The banks have stood by us." But the banks have been watching the situation very carefully. "They have asked us all the appropriate questions." Evidently TI has been able to provide some satisfactory answers.

One development through this difficult period has been a proces of concentration, during which TI's top half-dozen or so banks have demonstrated their support for the group by actually increasing the facilities made available.

This leaves TI still largely dependent on bank finance but Mr Garner declares himself to be "pretty happy with our mix of facilities." The group has not yet judged that the time has come when it would be right to call on shareholders for more equity through a rights issue.

No appetite

Moreover, the bond market has not looked attractive. "We don't have the appetite for the kind of money which would make a bond issue sensible," says Mr Garner.

Through the past few troubled years TI's relationship with the stock market has not been easy. The group has faced tricky problems both in dividend policy and in reporting. It was vital, for example, to remove British Aluminium from the accounts before the December year-end to avoid serious damage to the balance-sheet.

This and other closure and rationalisation moves have brought TI face to face with the fine judgments associated with SSAP 6, the accounting standard which deals with extraordinary and exceptional items.

In theory exceptional losses should be charged before arriving at a pre-tax figure whereas extraordinary losses may be charged "below the line." But TI for a time abandoned the attempt at making the arcane distinction. "We thought it best to put it all below," says Mr Garner.

He has also had problems with the current cost accounting standard SSAP 16, which he has found irrelevent to the group's needs. "CCA is about preserving the substance of the business. But TI has been shrinking the business in order to raise the overall quality."

Dividend policy has arguably been much too generous for a number of years, in view of TI's cash outflows and lack of relief for advance corporation tax.

Mr Garner observes that "institutional investors do seem to require a fairly steady dividend income." But he has detected a slightly more realistic attitude to dividends since ICI cut its payment two years ago.

BARRY RILEY

Increasing degree of involvement

Institutional shareholders

JOHN MOORE

"THERE IS an impressive degree of unanimity in the evidence we have received about the desirability of the institutions taking an active interest in the performance of companies whose shares they hold . . . in general, a substantial community of interest between institutional and other shareholders does doubtless exist. It is in everybody's interest that weak or inadequate management should be challenged and that efficient management should not be allowed to rest on its laurels. In undertaking this function the institutions will normally be acting in a way which is of advantage to all shareholders."

These remarks, contained in the report of the committee which reviewed the functioning of financial institutions, chaired by Sir Harold Wilson, three years ago appear to have been taken seriously by the large investing funds. The last three years has been a time of unprecedented activity by the institutions in the affairs of a number of major companies.

Raised profiles

Slowly but surely institutional shareholders have been raising their profiles in their involvement in companies' affairs. While some funds would still prefer to carry out behind closed doors their discussions with the companies in which they invest, others are now prepared to air their differences with companies quite publicly through the forum of annual general meetings in a way which would have been unthinkable for most institutions a few years ago.

The new-found confidence of the institutions has manifested itself in a number of ways in the past two years. At the beginning of 1982 the Post Office Staff Superannuation Fund, leading a group of institutions, challenged in the courts a record proposed compensation payout of £560,000 to Mr Jack Gill, former managing director of Associated Communications Corporation. Other institutional shareholders supported the Post Office and the pay-out was blocked. The row was a severe blow to Associated's credibility.

Later that year the pension funds challenged the £40m involvement of Globe Investment Trust in Mercantile House's £91m takeover of Oppenheimer Holdings, the U.S. broking group and fund manager. The funds were angered by the size of Globe Investment Trust's involvement in the takeover of Oppenheimer and formed two "case" committees to study the implications of the deal.

Then the Post Office Staff Superannuation Fund went on the attack again over the issue of Marks & Spencer and seven directors entering into property transactions with the company without shareholders' approval. M & S was forced to put the matter to shareholders.

The Post Office Staff Superannuation Fund at one stage was considering fighting a service agreement that Mr Bill Fieldhouse, chairman of Carrington Viyella, had negotiated.

But the institutions are now taking a new tack. Rather than merely deal with the side issues of directors' perks they are becoming increasingly involved in deals and deal-making in an effort to stimulate their investments.

Earlier this year Mr Gerald Ronson's Heron International was helped in a £191m planned takeover of UDS Group, the stores company which ran John Collier and Richard Shops, by the involvement of the pension funds of the National Coal Board, the Post Office and British Rail, as well as two investment trust groups, RIT and Northern and Ailsa. The funds formed a consortium with the Ronson interests. In the event the bid failed when Hanson succeeded in acquiring the company. But the move undoubtedly sparked the eventual takeover of a company which was performing badly.

But the most notable involvement of institutions in a major corporate deal came when more than 30 funds including Prudential Assurance, the Norwich Union insurance group, Robert Fleming, the merchant bank, and the Merchant Navy Officers Pension Fund formed a company to mount a £310m takeover bid for F. W. Woolworth from its American parent in the biggest takeover in retailing history. That deal took place last year.

More recently, an old-style intervention by the institutions came when the Prudential Assurance, representing other institutions, sought board changes at the Rank Organisation.

The institutions, holding around 25 per cent of Rank's equity, had been seeking management changes in the wake of a fall in profits in 1982 and a dividend cut. Sir John Davies, the president of Rank, finally retired and Sir Patrick Meaney was later appointed chairman.

A more subtle example is the case committee set up by the National Association of Pension Funds set up some time ago to monitor the battle for control over the affairs of House of Fraser by Lonrho.

In order not to be seen to be supporting one side or the other in the long-running and bitter battle the institutions, led by the National Coal Board pension fund, took their own independent advice on Lonrho's campaign to demerge Harrods from the Fraser stores group.

Too narrow

The more direct involvement in corporate matters and the affairs of companies by the institutions marks a sea—change. Until now the institutions faced the charge that their pre-occupations with companies' affairs was too narrow in scope, concentrating on board changes which might be achieved with a quiet word behind closed doors.

Even so, some institutions are worried about the implications of acting as a cabal against companies in order to protect their interests, heeding perhaps the words of the Wilson committee. That said: "In no case should institutional or other shareholders seek to interfere in day-to-day management decisions and even on major policy issues they should be slow to substitute their own judgment for that of management."

Moreover, some institutions are unhappy with the idea of taking a more detailed interest in how to run businesses, preferring to deal with narrow financial or ethical issues which can be more vividly dealt with before other shareholders. That attitude does seem to be changing and it is now more likely than ever that institutions will take more of a direct involvement in corporate deals—such as takeovers—in an effort to stimulate their investments.